July 15, 2005

#### ALL AGREEMENT STATES, MINNESOTA, PENNSYLVANIA

# OPPORTUNITY TO COMMENT ON DRAFT REVISION TO STP PROCEDURE SA-113, "PLACING AN AGREEMENT STATE ON PROBATION" (STP-05-054)

Enclosed for your review and comment is the draft revision to the Office of State and Tribal Programs (STP) Procedure SA-113, *Placing an Agreement State on Probation*. This procedure describes the process to be used by the NRC to place an Agreement State program on probation. We would appreciate receiving your comments within 30 days from the date of this letter.

If you have any questions regarding this communication, please contact me at 301-415-3340 or the individual named below.

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/RA/

Paul H. Lohaus, Director Office of State and Tribal Programs

Enclosure: As stated

This information request has been approved by OMB 3150-0029, expiration 06/30/07. The estimated burden per response to comply with this voluntary collection is approximately 8 hours. Send comments regarding the burden estimate to the Records and FOIA/Privacy Services Branch (T-5F52), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by Internet e-mail to <a href="mailto:infocollects@nrc.gov">infocollects@nrc.gov</a>, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202 (3150-0029), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.



## **STP Procedure Approval**

## Placing an Agreement State on Probation - SA-113

Date:	
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#### **NOTE**

The STP Director's Secretary is responsible for the maintenance of this master copy document as part of the STP Procedure Manual. Any changes to the procedure will be the responsibility of the STP Procedure Contact. Copies of STP procedures will be distributed for information.

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#### I. INTRODUCTION

This procedure describes the process used by the Nuclear Regulatory Commission (NRC) when placing an Agreement State program on probation.

#### II. OBJECTIVES

- A. To provide the guidelines that will be followed by the Nuclear Regulatory Commission (NRC) staff when considering whether to exercise the authority contained in Section 274j(2) of the Atomic Energy Act (Act), as amended, to place an Agreement State program on probationary status.
- B. To ensure that progress is being made to improve performance of the program relative to the areas identified as needing improvement without degradation of other parts of the Agreement State's radiation control program.
- C. To ensure an Agreement State on probation understands the process, their role, and any actions expected of them.
- D. To monitor the progress of an Agreement State in restoring the radiation control program's performance to the criteria identified in Management Directive (MD) 5.6, *Integrated Materials Performance Evaluation Program (IMPEP)*.

#### III. BACKGROUND

A. Section 274j of the Act gives the Commission authority and responsibility for ensuring that Agreement State programs continue to provide adequate protection of the public health and safety and are compatible with NRC's program. In cases where the Commission finds that serious program deficiencies are identified weaknesses exist regarding the adequacy and/or compatibility of thean Agreement State's program, but and the deficiencies weaknesses are not so serious as to find the program inadequate to protect public health and safety, one of the options available to ensure continued protection of the public's health and safety is to recommend placement of the Agreement State on probationary status. Probation is also an option under the circumstance that an Agreement State on Heightened Oversight has not addressed serious weaknesses identified in previous reviews during the period of Heightened Oversight (see STP Procedure SA-122, Heightened Oversight and Monitoring, for details on Heightened Oversight).

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- B. The Commission pPolicy sStatement, "Statement of Principles and Policy for the Agreement State Program," dated September 3, 1997, established the option of placing an Agreement State program on probationary status for serious program deficiencies weaknesses regarding the adequacy and/or compatibility of an Agreement State program that require heightened oversight (see Sections F through H of policy statement).
- C. Probation is a formalized process, requiring Commission approval and notification to the Agreement State's governor, which allows the NRC to maintain an increased level of communication with an Agreement State program experiencing significant program weaknesses. It allows the NRC to understand the actions being taken by the State to correct the identified weaknesses and the implementation schedule for those actions.

#### IV. ROLES AND RESPONSIBILITIES

- A. The Management Review Board (MRB):
  - 1. is responsible for cConsiderings the results of the Agreement State reviews under the Integrated Materials Performance Evaluation Program (IMPEP) and makes the final determination of the adequacy and compatibility of an Agreement State program (see STP Procedure SA-106, *The Management Review Board*, for additional information on the MRB). The MRB may also convene to evaluate special reviews of an Agreement State program conducted to assess a specific Agreement State program weakness.
  - 2. The MRB is also responsible and for rRecommendings to the Commission whether probationary status is warranted when serious program weaknesses are identified during an IMPEP review (see SA-106, *Management Review Board*).
  - 3. Evaluates special reviews of an Agreement State program conducted to assess a specific program weakness or weaknesses identified during a periodic meeting or other interaction with the Agreement State program.
  - 4. Considers improvements made by an Agreement State program and the resolution of action items from the Agreement State's Program Improvement Plan (see Section V.D.1. for more information on the Program Improvement Plan) to determine if a recommendation should be made to the Commission to lift the probationary status.
  - 5. Evaluates the efficiency of an Agreement State's actions during a period of Heightened Oversight (see STP Procedure SA-122, *Heightened Oversight and*

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Monitoring, for details on Heightened Oversight). If a programmatic weakness or weaknesses continue uncorrected throughout the period of Heightened Oversight, the MRB may elect to make a recommendation to the Commission to place the Agreement State on probation. Several examples of programmatic weaknesses that should not go uncorrected for a significant amount of time include: budgetary concerns, staff turnover issues, supervisory vacancies, or significant licensing and/or inspection backlogs that may jeopardize public health and safety.

B. The Executive Director for Operations (EDO):

sSubmits the Commission Paper containing the MRB's recommendation that the NRC initiate the proceedings to place an Agreement State program on probation or to lift the probationary status of an Agreement State program.

- C. The Director, Office of State and Tribal Programs (STP):
  - 1. is responsible for taking the lead in the pPreparationes and coordinationes of athe Commission Paper recommending an Agreement State program be placed on probation and/or probationary status be terminated lifted.
  - 2. Coordinates and for the review of the Agreement State's Corrective Action
    Program Improvement Plans and the development of the Heightened Oversight
    Plans.
  - 3. STP also cCoordinates all follow up suspension and termination probation notifications; (i.e., to the Governor, the *Federal Register* Notice, Aall of the Agreement State's licensees, and Aall Agreement and Non-Agreement States;.)
  - 4. Coordinates follow-up IMPEP reviews of Agreement State programs on probation.
- D. The Director, Office of Congressional Affairs (OCA):

is responsible for nNotifyingies the appropriate Congressional committees and members of the Agreement State's Congressional delegation of the probationary status of the Agreement State probation program.

E. The Director, Office of Public Affairs (OPA):

is responsible for iIssuinges a Ppress Rrelease announcing the probationary status of the Agreement State program.

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#### V. GUIDANCE

- A. Minimum Criteria for Considering Probation
  - 1. The MRB may meet to evaluate special reviews of an Agreement State program conducted to assess an Agreement State program weakness. The MRB meetings to discuss specific program review findings normally will be open and representative(s) from the State under review will be invited to participate.
  - 21. If the MRB identifies serious concernsweaknesses regarding the adequacy and/or compatibility of the Agreement State's program, but does not find the deficiencies weaknesses so serious as to find the program inadequate to protect public health and safety, one of the options it has available to ensure continued protection of the public's health and safety is to recommend placement of placing the Agreement State on probationary status to the Commission. If the MRB finds an Agreement State program inadequate, no option other than to suspend or terminate the Agreement is available, since NRC can relinquish its regulatory authority only to a State that has a radiation control program that is adequate to protect public health and safety.
  - 2. The MRB may decide to recommend placing an Agreement State program on probation based on the results of an IMPEP review, special review, or other interactions with the State. Major programmatic changes or evidence of poor program performance identified during a periodic meeting or other interactions with the Agreement State program may warrant the need for a special review to be conducted. The loss of key State personnel, a shift in resources to address specific State priorities, a pattern of weak State responses to events or deliberate misconduct on the part of a State official could be factors in the decision.
  - 3. If the MRB determines probationary status is warranted, a meeting to discuss NRC concerns will be conducted by the Chair of the MRB;, the Director; of STP;, the Regional Administrator of the NRC Region in which the Agreement State is located; and a representative of the Office of the General Counsel (or designee) with the responsible cabinet-level official of the pertinent Agreement State.
  - If it is the final recommendation of the MRB that the NRC place the Agreement State program in on probationary status, STP will be assigned the lead for prepareation of a and coordinate the Commission Paper. The Commission Paper will contain the status of the Agreement State program, information supporting the MRB's recommendation, and any other pertinent information. The Commission Paper will be coordinated with the Offices represented on the MRB and the Region in which the Agreement State is located.

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• If the Commission approves the MRB's recommendation, the Agreement State program will be placed on probationary status.

#### Details of the Criteria

Probation will be considered when any of the following circumstances occur:

- 1. When deficiencies weaknesses in one or more of the common and non-common performance indicators of the an IMPEP review are found unsatisfactory and are of such safety significance that assurance of the program's ability to protect the public health and safety may be degraded; and heightenedincreased oversight by the NRC is required to ensure program improvements. (Example: The Agreement State repeatedly fails to identify design deficiencies in follow-up analysis of events or incidents involving sealed sources and devices.)
- 2. When programmatic deficienciesweaknesses have gone uncorrected for a significant period of time and the NRC is not confident of the Agreement State's ability to correct such deficienciesweaknesses in an expeditious and effective manner without heightenedincreased oversight by the NRC. (Example: Inability to retain skilled staff, resulting in increased backlog in inspections and deficiencies in the technical quality of inspection and licensing programs.)
- 3. When a program has repeatedly been late in adopting required compatibility elements and heightenedincreased oversight by the NRC would yield improvements. (Example: Inability/ or difficulty in adopting regulations which could would result in significant impacts across State boundaries or would allows licensees to be subject to less stringent requirements than NRC requirements determined to be necessary for compatibility.)
- 4. When a program has remained on Heightened Oversight for a significant period of time and the results of an IMPEP review or other interaction with the Agreement State reveal that there has been little progress in achieving milestones identified in the State's Program Improvement Plan or addressing recommendations made during previous IMPEP reviews.

#### C. NRC Activities Upon Commission Approval of Action

1. A letter to the Governor notifying him or her of the Agreement State program's probationary status will be sent (See Appendix A for a sample letter to the Governor of [State] probation). A copy of the letter will be placed in the NRC's Agencywide Document Access and Management System (ADAMS). STP will

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draft the letter for the Chairman's signature and include it as an attachment to the Commission Paper recommending probation. The Chairman will usually should discuss the letter with the Governor by telephone before it is mailed.

- 2. STP will prepare and dispatch a letter to the Agreement State radiation control program director requesting that the Agreement State develop a "Corrective Action Management Program Improvement Plan" and submit it to the STPChair of the MRB within 30 days of receipt of the letter. The plan should describe actions to be taken by the State to address deficiencies, including specific goals and milestones.
- 3. Notice of the probationary status of the Agreement State program will be published in the *Federal Register* (see Appendix B for a sample *Federal Register* Notice).
- 4. STP will prepare and dispatch a letter to all Agreement and Non-Agreement States notifying them of the action.
- 5. A press release will be prepared and issued by OPA.
- 6. STP will coordinate with the OCA in order to notify the appropriate Congressional committees and members of the Agreement State's Congressional delegation.
- D. Agreement State and NRC Activities During Probationary PeriodRequired Elements of Probation
  - 1. State Program Improvement Plan
    - a. The Program Improvement Plan should be comprehensive and include actions to address the recommendations in the final IMPEP report. It should fully discuss root causes for weaknesses and include short- and long-term corrective actions that target the identified root causes. The plan should also contain dates of expected actions, products and indicate the person(s) responsible for each product. (See Appendix D of STP Procedure SA-122, *Heightened Oversight and Monitoring*, for an example of a Program Improvement Plan.) The Program Improvement Plan will be reviewed by the responsible Regional State Agreements Officer (RSAO) and the responsible Agreement State Project Officer (ASPO). Preliminary review results will be discussed at the first conference call. A formal letter from the Chair of the MRB will be sent to the Agreement State acknowledging receipt of the Program Improvement Plan. The letter will include any comments from the review of the Program Improvement Plan.

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b. The NRC and the Agreement State program management may meet to discuss the plan, comment, and subsequently agree with the milestones, and determine the projected duration of the probationary period. Normally, the probationary period would be one year or less, but could be extended based on extenuating circumstances. (Example: Training new staff and/or eliminating significant inspection backlog may require more than one year.)

#### 2. Periodic progress reports.

The reports should be brief, concise summaries of the status of State actions and include an updated Program Improvement Plan. The report and updated Program Improvement Plan should be sent to the RSAO approximately two weeks before the next scheduled conference call.

#### 3. Periodic NRC/State conference calls.

- i. These calls are designed to maintain open communications between the Agreement State and NRC. The calls should involve Agreement State management responsible for improving the program and the IMPEP team leader, the ASPO, the RSAO, and other NRC or State staff as needed.
- ii. A draft agenda, coordinated with Agreement State management and NRC staff, should be prepared by the RSAO and distributed at least one week prior to the call.
- iii. The periodic calls normally should occur at least bimonthly, unless directed otherwise by the MRB.
- iv. As elements of the Program Improvement Plan are completed by the Agreement State, the accomplishments should be noted in the conference call summaries and need not be included in future State progress reports.

#### 4. Follow-up IMPEP review

a. The MRB will determine when a follow-up IMPEP review should be performed to evaluate State progress in resolving weaknesses. Normally, the follow-up review will occur one year after the original review that commenced the probationary period. (See STP Procedure SA-119 for additional information on follow-up reviews.)

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- b. The results of a follow-up IMPEP review may be the basis for the MRB's decision to recommend to the Commission discontinuation of probation or further action against the Agreement State.
  - a) If the MRB finds the Agreement State program is satisfactory for all performance indicators, the MRB should recommend discontinuation of the probationary period. Based on the results of the review and the information obtained during the MRB meeting, the MRB should determine if additional oversight of a lesser degree, such as Heightened Oversight or Monitoring, is necessary to ensure the stability of the Agreement State program and its improvements.
  - If the MRB finds the Agreement State program is improving and resolving the recommendations from the last IMPEP review however the program is still found satisfactory but needs improvement in one or more performance indicators, the MRB should recommend discontinuation of the probationary period and placing the Agreement State on Heightened Oversight or Monitoring.
  - iii. If the MRB finds the Agreement State program is not improving or resolving the recommendations from the last IMPEP review in a timely manner and the program is found unsatisfactory for one or more performance indicators, the MRB may elect to recommend continuation of the probationary period or may direct STP to prepare a Commission paper requesting approval for an appropriate next action, which may include suspension or termination of the Agreement (see STP Procedure SA-114, *Suspension of a Section 274b Agreement* and STP Procedure SA-115, *Termination of a Section 274b Agreement*).
- 1. The Agreement State's "Corrective Action Management Plan" will be reviewed by STP, Office of Nuclear Material Safety and Safeguards (NMSS), OGC, and the Region. NRC and the State may meet to discuss the plan, comment, and subsequently agree with the milestones, and determine the projected duration of the probationary period. Normally, the probationary period would be one year or less, but could be extended based on extenuating circumstances. (Example: Training new staff and/or eliminating significant inspection backlog may require more than one year.)
- 2. STP, in coordination with NMSS, OGC, and the Region, will develop a "Heightened Oversight Plan" that will include review or meeting frequency to assess the Agreement State's progress, expected NRC resource expenditure, and corrective action close-out list. NRC will consider providing technical assistance

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to the Agreement State, as appropriate in accordance with Management Directive 5.7, "Technical Assistance to Agreement States."

- 3. Once all items in the "Corrective Action Management Plan" have been executed and deemed closed by the STP after a review of the Agreement State's actions, the MRB will convene to review improvements and consider lifting the probation.
- 4. In the event the Agreement State does not complete the actions identified in the "Corrective Action Management Plan" and extenuating circumstances do not exist, the MRB will consider whether the Agreement should be suspended or terminated (see STP Procedure SA-114, Suspension of a Section 274b Agreement and STP Procedure SA-115, Termination of a Section 274b Agreement).

#### E. Additional Actions for Programs on Probation

1. NRC/State management meetings

The NRC may offer to meet with Agreement State officials to discuss State actions to improve the radiation control program.

2. NRC technical assistance

NRC and the Agreement State may discuss NRC technical assistance in accordance to the guidance in NRC Management Directive 5.7, *Technical Assistance to Agreement States*.

#### EF. Cessation Discontinuation of Probationary Status

- 1. Once all items in the Program Improvement Plan have been executed and deemed closed by STP after a review of the Agreement State's actions, the MRB may convene to review improvements and consider recommending to the Commission to lift the probationary status. The MRB may find it more beneficial to hold the discussion of the completion of the Program Improvement Plan so it coincides with the MRB meeting for the follow-up review.
- †2. OnceIf the MRB determines that the Agreement State has metfulfilled the commitments in the "Corrective Action Management Program Improvement Plan" and the MRB is satisfied with the performance of the Agreement State's program based on the results of an IMPEP review, the MRB willshould recommend to the Commission that the probationary status cease be lifted.

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- 3. In the event the Agreement State does not complete the actions identified in the Program Improvement Plan within a reasonable time period and extenuating circumstances do not exist, the MRB should consider whether the Agreement should be suspended or terminated.
- 24. STP will be assigned the lead for preparation and coordination of a the Commission Paper containing the MRB's recommendation. The Commission Paper will contain include the current status of the Agreement State program, the recommendation of the MRB, and any other pertinent information supporting the MRB's decision. The Commission Paper will be coordinated with the Offices represented on the MRB and the Region in which the Agreement State is located.
- 35. If the Commission approves <del>cessation of lifting</del> the probationary status, notification of such <del>cessation change</del> will be made following the same process outlined in Section V.C.1-6 above.
- 6. If the Commission approves further action against the Agreement State, the process and guidelines in STP Procedure SA-114, *Suspension of a Section 274b Agreement* or STP Procedure SA-115, *Termination of a Section 274b Agreement* will be followed.

#### VI. APPENDICES

Appendix A - <del>Draft</del> Sample Letter to the Governor of [State] Probation Appendix B - <del>Draft</del> Sample <del>Letter:</del> *Federal Register* Notice

#### VII. REFERENCES

- 1. NRC Management Directive 5.6, *Integrated Materials Performance Evaluation Program (IMPEP)*.
- 2. NRC Management Directive 5.7, *Technical Assistance to Agreement States*.
- 3. Statement of Principles and Policy for the Agreement State Program, dated September 3, 1997.
- 4. STP Procedure SA-106, The Management Review Board.
- 5. STP Procedure SA-113, *Placing an Agreement State on Probation*, supersedes Office of State Programs Procedure D.23, February 5, 1997.
- 65. STP Procedure SA-114, Suspension of a Section 274b Agreement.

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**76**. STP Procedure SA-115, *Termination of a Section 274b Agreement*.

- 7. STP Procedure SA-119, Follow-up IMPEP Reviews.
- 8. STP Procedure SA-122, Heightened Oversight and Monitoring.

## Appendix A

### **DRAFT** Sample: Letter to the Governor of [State] Probation

Dear Governor [Name]:

As you aremay be aware, under Section 274 of the Atomic Energy Act of 1954, as amended, the Nuclear Regulatory Commission (NRC) retains the authority and responsibility for ensuring that Agreement State programs continue to provide adequate protection of the public health and safety, and that they are compatible with NRC's program for regulating radioactive materials. The Commission may place an Agreement State's program on probation if the Commission is not confident that the State can address program deficiencies weaknesses in an expeditious and effective manner without heightened oversight by the NRC.

The last review of the [State] radiation control program found significant program deficiencies weaknesses; cCorrection of which the weaknesses is necessary to assure provide adequate protection of the public health and safety in [State]. The Commission has further determined that while making the necessary corrections, the [State] program would benefit from increased NRC oversight. The Commission is, therefore, placing the [State] radiation control program on probationary status. Staff from the [State] radiation control program have been involved in the discussions leading to this decision.

The [State] radiation control program staff will be requested to provide NRC staff a "Corrective Action Management Program Improvement Plan" describing actions to be taken to address the identified deficiencies weaknesses, including specific goals and timetables. NRC staff will work with your staff throughout the probationary status period. Normally, the probationary period would be less than approximately one year, but could be extended based on extenuating circumstances. Once the Commission determines that the commitments in the "Corrective Action Management Program Improvement Plan" have been met, and that the radiation control program can be found to be adequate and compatible has demonstrated significant improvements in program performance, the probationary status will be terminated lifted.

Let me assure you that the Commission has not taken this action lightly. I will be happy to answer any questions you may have, or your staff may contact [Name], Director, Office of State and Tribal Programs, at [telephone number].

Sincerely,
Chairman

## Appendix B

### **DRAFT** Sample: Federal Register Notice

Placement of State Radiation Control Program on Probationary Status

AGENCY: U.S. Nuclear Regulatory Commission (NRC)

ACTION: Notice of State Radiation Control Program Being Placed on Probationary Status

#### SUMMARY:

NRC is announcing the placement of the [State] radiation control program for regulation of certain Atomic Energy Act materials on probationary status and initiating heightenedincreased oversight of the program, as well as overseeing implementation of the a "Corrective Action Management Program Improvement Plan" developed by the staff of the [State] radiation control program. Once the radiation control program has met the commitments made in the "Corrective Action Management Program Improvement Plan," and can be found by the NRC to be adequate to protect the public health and safety, and compatible with NRC's program has demonstrated significant improvements in program performance, the probationary status will be terminated lifted. There will be further announcements of that action.

#### FOR FURTHER INFORMATION CONTACT:

[STP Contact], Office of State and Tribal Programs, U.S. Nuclear Regulatory Commission, Washington, DC 20555, telephone [telephone number].

#### SUPPLEMENTARY INFORMATION:

Under Section 274 of the Atomic Energy Act, as amended, the Commission retains the authority and the responsibility to assure that Agreement State programs continue to provide adequate protection of the public health and safety, and to be compatible with NRC's program with respect to the regulation of the materials and uses authorized under the Agreement. Agreement States are States which have assumed regulatory authority from the NRC over the possession and use of certain radioactive materials. The Commission policy statement, "Statement of Principles and Policy for the Agreement State Program," established the option of placing an Agreement State radiation control program on probationary status for serious program deficiencies weaknesses that require heightenedincreased NRC oversight.

The Commission, through its Management Review Board (MRB), has considered the State of [State's Name] radiation control program and has agreed with the findings of the MRB, as well as with its recommendation to place the program on probation ary status. [Narrative of the MRB findings].

The State has been requested to develop a "Corrective Action Management Program Improvement Plan" and submit it to the NRC within 30 days. The plan should describe actions taken by the State to address deficiencies weaknesses, including specific goals and milestones. The Commission expects that the probationary period will be one year or less, but could be extended based on extenuating circumstances.

## **Appendix B (Continued)**

Once the MRB determines that the Agreement State has met the commitments in the "Corrective Action Management Program Improvement Plan" and can be found adequate to protect the public health and safety and compatible with NRC's program has demonstrated significant improvements in program performance, a recommendation will be made to the Commission that the probationary status be terminated lifted. Upon Commission approval, the probationary status will be lifted. Notification of such cessation discontinuance of probation will be made to the Agreement State's Governor, the Agreement State's Congressional delegation, and all other Agreement and Non-Agreement States. There also will be a Federal Register Notice and a Ppress Release.