

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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28th ANNUAL REGULATORY INFORMATION CONFERENCE

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TECHNICAL SESSION W16

REGIONAL ADMINISTRATORS SESSION ON CURRENT REGULATORY
ISSUES

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WEDNESDAY,

MARCH 9, 2016

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ROCKVILLE, MARYLAND

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The Regulatory Information Conference met in the Grand Ballroom at the Bethesda North Marriott Hotel & Conference Center, 5701 Marinelli Road, Rockville, Maryland, at 10:30 a.m., Michael Johnson, Deputy Executive Director for Reactor and Preparedness Programs, facilitating.

PRESENT:

MICHAEL JOHNSON, Facilitator, Deputy Executive

Director for Reactor Preparedness Programs,

OEDO/NRC

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MARC DAPAS, Regional Administrator, RIV/NRC

FADI DIYA, Senior Vice President and Chief Nuclear
Officer, Ameren Missouri

DAN DORMAN, Regional Administrator, RI/NRC

ROBERT ELLIOTT, Chief, Technical Specifications
Branch, NRR

CATHY HANEY, Regional Administrator, RII/NRC

CINDY PEDERSON, Regional Administrator, RIII/NRC

TIMOTHY RAUSCH, Senior Vice President and Chief
Nuclear Officer, Talen Energy

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P R O C E E D I N G S

(10:30 a.m.)

1
2
3 MR. JOHNSON: Well, good morning,
4 everyone. This is truly amazing; the crowd just
5 quieted down as we were approaching the starting point
6 of this session. So I guess we'll just go ahead and get
7 started.

8 I want to welcome you to the Regional
9 Administrator Senior Industry Executive Session. And
10 I hope you will, I hope you've come prepared to ask
11 questions and hear a lot of good dialogue on a number
12 of important issues that are facing us in terms of
13 implementing regulatory programs.

14 I want to start off with a few housekeeping
15 reminders for you. Of course questions and answers
16 will be handled via written cards. Of course, you would
17 have had to be comatose at this point not to know that
18 we are handling questions and answers in that way. So
19 there are no microphones. I would ask that you pass
20 questions and answers, when you have them, to the folks
21 who will be walking up and down the aisles.

22 Unanswered questions will no longer be
23 collected and answered and made available on the
24 website. So if in fact there is a question and you
25 haven't gotten an answer, I would ask you after the

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1 session is over to make your way forward and we will
2 stick around, try to stick around, if we can, to answer
3 any questions that may be lingering. But also invite
4 you to send us an email and we'll try to deal with them
5 in that way as well.

6 Of course your feedback is very important
7 to us. The technical session and overall evaluation
8 forms are available electronically by scanning the QR
9 codes, accessible on signage throughout the conference
10 center, at the kiosk and/or via links on the NRC, on the
11 RIC website. So, again, we do very much want to get your
12 feedback on this session.

13 The real purpose of this session I think is
14 for us, as I indicated or needed to, to tee up questions
15 and then to get some answers and engage in some dialogue
16 with respect to issues that are of relevance to us. So
17 I've come prepared, we've come prepared with answers,
18 with questions and, hopefully, some good answers to
19 those questions based on interest that we know exists
20 among the industry, for example. And so I will start
21 with those questions. But, again, we really do invite
22 you to raise questions. So I really am asking you to
23 actively engage and fill out the question cards.

24 Let me before we begin introduce, or just,
25 really just give the names as our panel as I know that

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1 you are familiar with all of these individuals.

2 So Dan Dorman, our Regional Administrator
3 from Region 1.

4 Cathy Haney, our Regional Administrator
5 from Region 2.

6 Cindy Pederson, our Region 3 Regional
7 Administrator.

8 Mark DePaul, Region 4 Regional
9 Administrator.

10 Fadi Diya, who is the Senior Vice President
11 and Chief Nuclear Office for Ameren.

12 And Tim Rausch, who is the Senior Vice
13 President and Chief Nuclear Office for Talen.

14 So, again, we've got a very distinguished
15 set of panelists and who are well-equipped to answer the
16 questions. And so we look forward to the question and
17 answer session.

18 I wanted to begin to get us going, turn to
19 a question that relates to treatment of low significant,
20 safety significant issues that potentially impact
21 operability. And for context, as you are well aware,
22 the NRC regulations and plant-specific operating
23 licenses, including technical specifications,
24 establish requirements for structures, systems and
25 components to ensure that plant operation does not pose

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1 an undue risk to public health and safety.

2 And when a degraded and non-conforming
3 condition associated with one of those structures,
4 systems and components is identified, a prompt
5 evaluation needs to be conducted to determine if
6 equipment can continue to perform its intended safety
7 function. So recognizing when equipment is in a
8 degraded or non-conforming condition, and then
9 conducting a timely operability determination is a
10 critical aspect of a licensee's safety
11 responsibilities.

12 Now, all of that is a long-winded context
13 to get to some specific questions that we're going to
14 ask.

15 For the NRC, Marc, the industry contends
16 that inspectors continue to challenge the operability
17 of structures, systems and components that perform a
18 function in response to very low probability events or
19 that are associated with low risk significant
20 non-conforming conditions such as minor
21 vulnerabilities to external events like
22 tornado-generated missiles, seismic events and
23 flooding, and that this has resulted in licensee entry
24 into shutdown action statements associated with the
25 plant's tech specs that is not warranted by the

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1 significance of the issue.

2 And so the question is what's the NRC's
3 perspective? And what action is the NRC taking to
4 address those issues?

5 And before you answer, Marc, I want to also
6 tee up sort of a parallel question for Fadi.

7 The NRC continues to identify examples
8 across the regions where licensees have not recognized
9 that a degraded or non-conforming condition exists
10 and/or initiate a timely operability determination to
11 ascertain whether degraded or non-conforming equipment
12 can still perform its intended safety function. And
13 this is not, this concern is not limited to low safety
14 significant or low probability events or degraded or
15 non-conforming conditions, but rather the NRC observed
16 trend applies to a broad range of this significant
17 equipment described in the plant's technical
18 specifications.

19 And so, Fadi, I want to know from you, do
20 you share that perspective? And what's being done
21 about it?

22 So let's start with an answer from Marc.

23 MR. DAPAS: Thanks, Mike.

24 Just a couple things that I wanted to add
25 to provide some additional context regarding the

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1 operability determination process before I speak more
2 specifically to what we're doing as an agency to define
3 how best to approach addressing low risk significant
4 non-compliance issues.

5 As everyone knows, many of you know, when
6 you have an inoperable, or I should say a degraded or
7 non-conforming condition of a structure, system or
8 component you have to assess whether that particular
9 piece of equipment is able to perform its intended
10 safety function, as defined in the current licensing
11 basis.

12 And for those of you that aren't fully
13 familiar, what do we mean by the "current licensing
14 basis"? It's that set of NRC requirements applicable
15 to a specific plant, plus the licensee's docketed and
16 currently-effective written commitments for ensuring
17 compliance.

18 So there's a two-step process that
19 licensees use when they need to conduct an operability
20 determination to determine whether a specific piece of
21 equipment that is described in the technical
22 specifications can still perform its intended safety
23 function.

24 The first step is an immediate operability
25 determination which is conducted by the operating shift

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1 on duty at the time. And then many times there may need
2 to be a more detailed analysis that needs to be conducted
3 as part of the prompt operability determination.

4 The operability determination process is
5 purely deterministic in nature. You know, you
6 basically have to answer the question, Does the
7 structure, system or component meet all aspects of the
8 current licensing basis, including all postulated
9 initiating events, based on the best available
10 information at the time of discovery? You are not
11 allowed to bring probabilistic risk assessment into
12 that process because probabilistic risk assessment,
13 when it looks at the probabilities of occurrences of
14 accidents or external events, is not consistent with the
15 assumption that the event occurs and is therefore not
16 acceptable for making operability decisions.

17 However, the PRA results can be used for
18 determining the safety significance of structures,
19 systems and components. And that plays into the
20 timeliness of when you need to complete the prompt
21 operability determination, and timeliness of
22 corrective actions.

23 So with that, let me talk about how we are
24 approaching this issue.

25 When you look at our enforcement policy, in

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1 the description of "adequate protection standard" there
2 is reference to the NRC having the authority to exercise
3 discretion to permit continued operations, despite the
4 existence of a non-compliance, where the non-compliance
5 is not significant from a risk perspective and does not,
6 in the particular circumstances, pose an undue risk to
7 public health and safety. When non-compliance with NRC
8 requirements occurs, the NRC must evaluate the degree
9 of risk posed by that non-compliance to determine
10 whether immediate action is required.

11 So in that context, the process that the
12 staff envisions and is working with the industry to more
13 fully formulate involves developing that risk-informed
14 process that would ensure that the level of licensee and
15 staff resources applied to a non-compliance issue
16 correlate to the potential risk and safety significance
17 of the issue.

18 The staff envisions that this approach
19 would first focus on evaluating the risk significance
20 of the non-compliance. If the risk significance is
21 determined to be low, then the staff interaction with
22 the licensee would focus on establishing a reasonable
23 timetable for correction action by the licensee,
24 combined with implementing appropriate interim
25 compensatory measures that would maintain adequate

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1 safety while the corrective action is being taken. The
2 approach would include enforcement discretion,
3 potentially for a long duration, to provide the licensee
4 adequate time for implementing corrective action.

5 And that approach is envisioned to be an
6 improvement over the current practice, in that it would
7 eliminate the need for urgent actions, which is
8 necessitated by entry into short duration technical
9 specification action statements that are taken for low
10 risk significant compliance issues.

11 So let me tell you the status of that
12 particular effort. There was a public meeting with
13 industry back on February 3rd. And some key items that
14 resulted from that meeting were industry is interested
15 in this initiative. There's high industry interest.

16 The industry proposed that we hold a
17 workshop to provide a better definition of the project,
18 of the project statement. And this would help identify
19 issues that would be candidates for the new process. At
20 that workshop there would be the desire to work through
21 some sample issues, both NRC- and industry-provided, to
22 see how the process might work.

23 And there are a number of questions that
24 still need to be answered:

25 What's the pedigree required for a

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1 licensee' probabilistic risk assessment?

2 Does the low risk have to be quantitatively
3 demonstrated?

4 If quantitative, where do we set the bar for
5 low risk, i.e., you know, what is the threshold for issue
6 inclusion?

7 And I will give you an example of what I
8 think is a clear issue that has low risk significance
9 but represents a non-compliance issue. And this is an
10 issue that has been identified at some sites in Region
11 4. And that is when you have electric cabinet doors
12 that are open for some period of time. And you know,
13 we've had inspectors that ask, where is your operability
14 determination to address the seismic vulnerability?

15 Well, obviously the probability of a
16 seismic event during that limited period of time that
17 those doors are open because there's maintenance
18 activities being performed, you know, would dictate is
19 there a better approach there? Then you need to
20 immediately, you know, declare the equipment inoperable
21 and enter the associated tech spec action statement or
22 initiate compensatory measures.

23 There is at least one non-governmental
24 organization that has engaged us, questioning the
25 advisability of this proposed process. And the staff

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1 is proposing an answer to that challenge.

2 Next steps going forward:

3 We will be working with the industry to plan
4 the workshop. Tentative dates, we're looking at late
5 March to mid-April. And then following the workshop
6 there would be a procedure that's drafted and routed
7 internally for concurrence. There would be briefings
8 of management, as appropriate. And then we'd hold a
9 public meeting to share with the industry and obtain
10 feedback from both the industry and the public regarding
11 this proposed approach.

12 The goal is to have a process we can pilot
13 by the end of the year.

14 So those, that's what we are working on
15 right now to address those issues that involve very low
16 risk significant, low probability of occurrence of the
17 initiating event that would require that equipment to
18 be operable. So that's where we are. And look forward
19 to any questions you might have, when we have that
20 opportunity here, about this initiative.

21 MR. DIYA: And from an industry
22 perspective, we do share the -- are colleagues and share
23 the perspective that we do need improvement in
24 operability determination. We need to improve our
25 performance in operability determinations.

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1 And one of the actions we're taking as an
2 industry is to develop a guidance document for
3 operability determination process. And the focus of
4 this guidance document really is to do, provide clarity,
5 refocus, make sure we're getting back to basics, and
6 focus on safety and simplicity.

7 Xcel Energy, Tim O'Connor is the sponsoring Chief
8 Nuclear Officer for this guidance document. And we
9 started this effort last winter. And we expect to issue
10 it for comments by August of this year. And also we
11 expect to have this guidance document for NRC
12 reinforcement -- NRC endorsement by the end of the year.

13 That's one of the actions we are taking.
14 Also, other actions we are taking is that we do share
15 with each other. One of the great things about our
16 industry and one of the strengths of our industry is that
17 we are readily ready to jump in and help each other,
18 ready to jump in and share with each other. So as we
19 have issues with operability determination we share
20 that operating experience among each other and we learn
21 and we get better as a result of it.

22 And, also, we have been conducting training
23 and educating our people and making sure that we
24 continue to improve our performance. And as we issue
25 this guidance document, we will have additional

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1 training and education to make sure we continue to
2 improve our performance in this area.

3 We do acknowledge and agree that it is very
4 important that we keep open dialogue with the NRC in the
5 development in this guidance, as well as in addressing
6 this issue and making sure that we continue to improve
7 performance. At the end of the day we're all -- our
8 focus is the safe operation of our nuclear energy
9 facilities and protecting the health and safety of the
10 public. And that's what we're focusing on.

11 MR. JOHNSON: Okay, thank you very much.

12 All right, let's turn to a different
13 question. This question relates to the significance
14 determination process. And I'm going to ask that Cindy
15 and Tim take this question on.

16 The context of the question is that we've
17 had some run time, obviously, with the significance
18 determination process. The program, the reactor
19 oversight process is mature; 15 years of
20 implementation. Yet, in 2014 we conducted an
21 examination of the SDP to figure out if there were ways
22 that we can improve that process.

23 And we established a working group. That
24 working group has conducted a look at the significance
25 determination process. And, in fact, that working

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1 group has identified four major areas of enhancements,
2 including revisions to the SDP performance metric,
3 implementation of an inspection findings -- Inspection
4 Finding Review Board, use of integrated risk
5 decision-making, and improved interaction with
6 licensees.

7 And so the question that I want to tee up
8 for both Cindy and Tim is, what do you see as the primary
9 challenges to the effectiveness and the efficiency of
10 the significance determination process? And what are
11 your thoughts about how we could or should address them?

12 Cindy, do you want to start?

13 MS. PEDERSON: Thanks, Mike. Good
14 morning.

15 As we always like to do, we always like to
16 examine our processes. And so this is no different,
17 that we're looking at the significance determination
18 process. And we certainly have believed it to be
19 effective. But in this time I think we all are looking
20 at ways we can be more efficient. Faster and with less
21 resources is always, is always a good goal.

22 So that's, that's where we are. And we're
23 looking primarily on the timeliness piece of it. And
24 we do have a history of, well, I'll say a few outliers
25 where it's taken us more than a year to come to a

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1 resolution of what the significance of our finding has
2 been. So we're looking heavily at timeliness.

3 And it's important that we're timely
4 because we have a desire to certainly be assessing
5 current licensee performance. It's important that we
6 communicate with our stakeholders what our assessment
7 is. And it certainly influences, actually it dictates
8 some of our further inspection activity. So it's
9 important that that's being done in a timely way.

10 In general it does not impact corrective
11 actions, as licensees take corrective actions upon
12 identification of an issue. But on rare occasion there
13 could be an associated corrective action that follows
14 the final determination. So for those and other
15 reasons it's important that we try to improve our
16 timeliness while still maintaining the quality of our
17 decision-making.

18 So a few of the things that the working
19 group is looking at -- and I will let you know there is
20 a full discussion of this tomorrow at our 10:30 session
21 here at the RIC. So plug your attendance at that one
22 as well. But the working group is looking at a 255-day
23 start to finish of our determination process. And that
24 changes our start on the front end of our metric where
25 sometimes we have done a fair amount of assessment or

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1 inspection work before the clock starts. We're now
2 looking at starting the clock at maybe there's an event
3 that is driving the finding. Or maybe there was
4 something in the corrective action program or some other
5 form of inspection. So we'll be starting that 255-day
6 clock earlier.

7 There will always be a few exceptions. We
8 do recognize some complex issues may take longer than
9 that, but that's what we're shooting for.

10 We're also looking at increasing senior
11 management involvement earlier on our part. Mike made
12 reference to a review panel that would be led by division
13 directors, is what's being considered currently, to
14 really ensure we have that engagement of the senior NRC
15 manager up-front. That then could lead to a dialogue
16 between our NRC senior manager and licensee senior
17 manager earlier in the process.

18 But I think one of the main issues and one
19 of the biggest challenges for us, and I'm very
20 interested in Tim's perspective on this, is the amount
21 of information we get and we receive from the licensee,
22 when we get it, how we assess it, and how much is there?
23 We're certainly not intending to create research
24 projects out of every finding. And, you know, there's
25 this balance we all have been struggling with in how much

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1 information, when do we get it, how it's assessed before
2 we get to a final conclusion.

3 So I think that and our maintenance of the
4 quality of the decision is the big thing that we need
5 further dialogue with our stakeholders on and ensuring
6 we get the right amount of information to make the right
7 decision. And it will be critical that it's not only
8 the inspection staff that's interacting with the
9 licensee, but our risk analysts, both the NRC and the
10 licensee's as well.

11 We have heard that there is a concern that
12 we may use more qualitative factors through our Appendix
13 M process. And Appendix M refers to Manual Chapter 0609
14 that defines our significance determination process.

15 Our test has been about 13 percent of our
16 cases have used Appendix M. So it's not a large number.
17 Actually, many of those also were an external flooding.
18 Hopefully the external flooding findings will be on a
19 significant decline, based on all the work the industry
20 and the NRC has done. But that was a case where we
21 didn't have an SDP that well fit, so we needed to use
22 Appendix M.

23 But the new streamlining process has not a
24 defined outcome of whether we will or won't use
25 qualitative factors more. But there is a separate look

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1 being done at Appendix M to look at our entry conditions
2 for use, as well as the guidance. So that's a parallel
3 path, but they do certainly intersect.

4 The next steps are further public
5 communication in information and engagement on the
6 process. And, also, we are planning to pilot whatever
7 change process we have yet this year in 2016.

8 And, again, more discussion tomorrow at the
9 10:30 session. Thanks.

10 MR. JOHNSON: Thanks, Cindy.

11 Tim?

12 MR. RAUSCH: Yes. I think from our
13 perspective the most important thing that we have to
14 preserve is we've got to get it right. Right? So we
15 fully support and embrace the efficiency that we're
16 trying to get out of the process. And we realize that
17 that's going to be important to the licensee to have a
18 change in behavior, an action to supply the data more
19 efficiently to the regulator. And then the process
20 that would feed the shorter process for a more efficient
21 process.

22 We look forward to the draft documents, to
23 look at those and provide our input to the process as
24 it's being built. We are cautious about increasing the
25 use of the qualitative information. So, as you said,

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1 the Appendix M is being looked at. And I think that's
2 a very important part of this is to make sure we get that
3 right because we don't want to risk the quali -- go to
4 the qualitative piece just to speed the process but not
5 get it right. So we do have some caution or reserved
6 feelings on that.

7 I do like the idea of the inspection board
8 or, you know, the Inspection Finding Review Board. I
9 think that's going to bring some consistency and some
10 rigor to the process that will not only help ensure the
11 quality is there but, also, the sooner that that is acted
12 upon it feels like that would really help motivate the
13 process to really to go a little bit more smoothly.

14 I think we need to -- there was some
15 discussion in previous conversations about how this
16 would be ruled out too. And I think our, my opinion on
17 that is we ought to use case studies or test examples,
18 if you will, versus rolling out the modified program and
19 applying it to real, to actual findings. Because since
20 we're manipulating that process for efficiency, if we
21 were to be dealing with someone's real findings we may
22 not get it right, you know, while we're working our way
23 through that pilot program.

24 So I would be interested in supporting,
25 however we can from a licensee's standpoint, more of a

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1 table top or a test case kind of validation of the
2 revised process versus using actual findings.

3 So I'm very interested in it. We're very
4 interested in the industry. We understand that our
5 part of it is going to be to turn that data around more
6 efficiently. And we look forward to reviewing those
7 documents and moving forward.

8 MR. JOHNSON: Thank you, guys.

9 So let me just ask. I'm curious, given the
10 topic, how many people have been physically or have been
11 directly touched by Appendix M, know what we're talking
12 about with Appendix M? Just raise your hands.

13 (Show of hands.)

14 MR. JOHNSON: Okay. And then how many
15 people have been satisfied with that experience? I
16 wanted you to keep your hands up.

17 (Laughter.)

18 (Show of hands.)

19 MR. JOHNSON: Okay. All right. Okay. I
20 just wanted to do that. I was looking at the guys over
21 to the right of me who are working on making that process
22 better. So I wanted to have that sort of visual.

23 Good work. I should point out that the
24 Commission has directed that as a part of changes that
25 we might make to the SDP that we would pilot them. So

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1 we are, we are going to be moving forward in a thoughtful
2 way, particularly as it relates to work that we would
3 do on improving our consideration of I guess I would say
4 integrated risk, I guess is how I would refer to that
5 particular piece of that process improvement.

6 I want to shift gears now and talk about
7 Fukushima, post-Fukushima. Obviously we've had
8 already a lot of discussion in various sessions on
9 Fukushima. Of course, Friday marks the fifth
10 anniversary of the earthquake and the tsunami. And,
11 you know, by the end of the year most plants will
12 certainly have completed implementation of extensive
13 modifications and procurement of mobile equipment and
14 other actions to significantly improve, I would say, the
15 safety of U.S. plants to be able to deal with a similar
16 sort of an accident?

17 The inspection activities that we are
18 planning, beginning to crank up if you will, we're
19 conducting inspections throughout the year and we'll be
20 conducting inspections next year. And so just a
21 question for Dan and for Fadi. Dan first.

22 The NRC's -- what is the NRC doing to ensure
23 that the inspections of the Fukushima-related
24 enhancements are conducted in a manner that recognizes
25 the differences between the design basis and beyond

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1 design basis? That's the first part of it.

2 But also, how do we promote consistency and
3 predictability in this area?

4 So Dan will take that question.

5 And then, Fadi, what plans does the
6 industry have to show lessons learned, and particularly
7 lessons learned based on what comes out of NRC
8 inspections as we go forward?

9 So, Dan, do you want to start?

10 MR. DORMAN: Yeah. Thanks, Mike.

11 So a little bit more context. In March of
12 2012 the Commission issued orders to all licensees.
13 You've heard a lot about the Flex Program or mitigation
14 strategies that the industry calls it the Flex Program.

15 The other order was the spent fuel pool
16 level instrumentation that would provide indication of
17 level all the way down to the top of fuel and provide
18 remote indication to assist operators in an accident to
19 ensure that the spent fuel was adequately covered and
20 cooled.

21 And these orders were required to be
22 implemented by the second refueling outage after the
23 guidance was issued. And in no circumstances greater
24 -- later than December 2016. So most licensees, most
25 units have completed this work. Some sites, multi-unit

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1 sites have their second unit or the last unit at the site
2 completing the implementation either this spring in the
3 outage or in outages in the fall of 2016.

4 But enough of them have completed that we
5 have started to do the inspections.

6 The question of how do we, you know, the
7 flex strategy is a, as the question indicated, a beyond
8 design basis activity. It's not subject to the
9 treatment of the equipment and of the connections at the
10 level of an Appendix B top level safety system. So how
11 do we make sure that our inspectors understand those
12 distinctions as they're looking at how these procedures
13 are maintained, how the training is done, how the
14 equipment is stored, and so forth.

15 And that really has been built into the
16 process from the beginning to start bringing our people
17 up to speed. At headquarters they were engaged very
18 early in the process in the development of the guidance
19 and then in the licensing approval of the licensee
20 strategies.

21 And as they went through that process there
22 were several steps in the process. First, the licensee
23 provided a plan for how they were going to implement the
24 strategy. And it didn't have a lot of the design
25 details of how that was going to be implemented, but it

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1 described where connections were going to be, what types
2 of equipment would be, what the capacity of that
3 equipment would be, how it would be stored.

4 And the staff produced and headquarters
5 produced what we call the Interim Staff Evaluation that
6 bought into the plan. And as part of that review there
7 was an onsite audit that was conducted by headquarters
8 licensing people. And the regions sent people to
9 accompany those. And that was kind of the first step
10 to start bringing regional people into an awareness of
11 what was going on in these, implementing these
12 strategies.

13 In parallel with the reviews that were
14 ongoing, we developed a temporary instruction that will
15 guide the inspectors on the full implementation
16 inspections. The regions were involved in the
17 development of that temporary instruction. And the
18 first unit to achieve compliance was actually the new
19 unit. Watts Bar Unit 2 was required to achieve
20 compliance prior to fuel load. So they were the first
21 one that got the inspection under the temporary
22 instruction.

23 And inspectors from all of the regions came
24 and went to Watts Bar and observed and participated in
25 that activity so that they could see it being

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1 implemented and get a common frame of reference for the
2 further implementation of the TI in each of the regions.

3 So now that licensees are completing
4 implementation, when they've come out of that outage and
5 they've completed their implementation they provide a
6 letter to headquarters certifying that they have
7 completed implementation of the order. At that point
8 the staff in headquarters, the licensing staff,
9 completes the safety evaluation that establishes the
10 licensing basis for the flex strategy and the spent fuel
11 pool instrumentation going forward.

12 And that safety evaluation will be a tool
13 that will guide the inspectors. So when we talk about
14 the difference between design basis and beyond design
15 basis, that, —that is a tool that will guide the
16 inspectors in what is the accepted licensing basis for
17 each facility. Because given the uniqueness's of the
18 facilities, each of them has a fairly unique approach
19 to the strategy.

20 And so to ensure that there's a shared
21 understanding of that safety evaluation and how it's
22 applied in the temporary instruction, a member of the
23 License Review Team will accompany the regional
24 inspectors in implementing the temporary instruction so
25 that we ensure that alignment remains for that site

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1 relative to its licensing basis.

2 And then, finally, we'll be having a
3 management review panel. I think it's being called the
4 Inspection Findings Review Panel. Any finding from any
5 of the inspections at any site is going to come to this
6 review panel which will consist of managers from NRR who
7 have been involved in the development of the guidance
8 and the licensing process, as well as management
9 representatives from each of the four regions.

10 So all of us will be together looking at the
11 findings and ensuring that we are applying the guidance
12 and the requirements consistently across all the
13 regions. Thanks.

14 MR. JOHNSON: Thank you. Fadi.

15 MR. DIYA: I mentioned earlier that one of
16 the strengths about our nuclear energy industry, or one
17 of the great things about it is that we readily share
18 with each other and we readily help each other out. And
19 in that spirit we have a number of avenues where we share
20 the lessons learned with each other in making sure that
21 we are learning and continuing to improve every moment
22 of every day.

23 And so a couple of the avenues we have is
24 that through the coordination through Nuclear Energy
25 Institute we have a weekly conference call with the

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1 Fukushima Project Implementation Leads. And we share
2 the lessons learned, not just inspection lessons
3 learned, but also other lessons learned from an
4 implementation standpoint. And we make sure that that
5 continues every week and make sure that we're learning
6 from it.

7 Also from a senior leadership of the
8 industry we have a number of forums where we share
9 lessons learned with each other. As a matter of fact,
10 on Monday we had a NSAIC meeting, that's the Nuclear
11 Strategic Issues Advisory Committee meeting. Its
12 chief nuclear officers as well as the senior leaders
13 from NEI and INPO, and making sure that we share with
14 each other in terms of the lessons learned. And it
15 continues to get better.

16 Also, we're looking at the NEI web page and
17 making sure we expand that web page and add those lessons
18 learned so it's readily available to everyone.

19 And then the most, the most important
20 avenue we share lessons learned is that we pick up the
21 phone and call each other and talk to each other and make
22 sure that we're helping each other get better.

23 MR. JOHNSON: Okay. Thank you very much.

24 I want to go to a question that we got that
25 I'm going to ask Marc to answer. It really is a question

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1 I think directed at the NRC staff, and it's regarding
2 safety culture.

3 And the question is: As safety culture
4 policy applies to the nuclear industry, how does the NRC
5 apply safety culture policy to its regulatory
6 inspection and licensing activities?

7 And so, Marc, would you start that answer?
8 And then if others want to weigh in, I hope they do.

9 MR. DAPAS: Yeah, thanks, Mike.

10 I would offer that while the safety culture
11 and policy statement does not apply to the NRC per se,
12 we are very focused as an organization on safety
13 culture. We have, I think it's every three years, the
14 Office of the Inspector General conducts a safety
15 culture and climate survey. And that looks at a number
16 of attributes with respect to how do we conduct business
17 internal to the NRC? How do we engage with external
18 stakeholders, including members of the public? And how
19 do we interact with those entities that we regulate?

20 One of the key aspects of a healthy safety
21 culture is the staff's confidence that they can raise
22 an issue or express a differing view and not be subject
23 to any adverse action or repercussions as a result of
24 that. And I know that we, as a management team, strive
25 very strongly to ensure that staff have a comfort level

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1 regarding raising issues.

2 You know, one of the things that I try and
3 profess in Region 4 is that when it comes to decision
4 making we want the views of everyone to be considered
5 and then clear feedback provided on the basis for the
6 decision and how individuals' particular input was
7 considered in arriving at a decision.

8 You know, with respect to how we interact
9 with licensees and members of the public, you know, we,
10 we want to abide by our values: integrity, service,
11 openness, commitment, cooperation, excellence and
12 respect. And respect is, you know, relates to how do
13 you interact, how do you communicate? We hold
14 ourselves accountable to those values.

15 We are very focused on, you know, the aspect
16 that behavior matters. And, you know, we approach our
17 regulatory responsibilities with a "trust but verify."
18 Well, how you go about engaging in that verification
19 process, you know, are you clearly communicating issues
20 to licensees so there is a shared understanding of what
21 the particular inspector has determined is the
22 regulatory or safety significance.

23 And we do have what we call "objectivity
24 reviews" where we have first line supervisors will
25 observe inspectors in the field and will evaluate, you

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1 know, how they go about implementing the inspection
2 process. And there are procedures that govern the
3 inspection process, as there are procedures that govern
4 licensing reviews.

5 So those are just some thoughts that I would
6 offer. Thanks.

7 MR. JOHNSON: Anyone else want to weigh in
8 on that? No? No takers?

9 Okay, very good. Well, Marc was very
10 thorough, as he always is.

11 So I want to switch gears and re-key up the
12 topic of Project Aim, again recognizing that we've had
13 a lot of discussion on this topic certainly in this RIC.
14 So the agency is embarking on or has embarked on an
15 initiative that is Project Aim. We are well under way
16 with respect to that initiative, as you heard in other
17 sessions.

18 Of course the nuclear industry is facing
19 similar challenges and has embarked on a very sort of
20 analogous sort of activity Delivering the Nuclear
21 Promise. And so the question that I have relates to
22 first Cathy and then Tim.

23 What's your perspective, Cathy, about
24 Project Aim? And how will the project ensure that we
25 successfully overcome challenges, expected

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1 organizational challenges, fiscal challenges resulting
2 from changes in the regulatory environment? And how
3 will we do that while continuing to maintain our focus
4 on safety and security?

5 And then for Tim, regarding the Delivering
6 the Nuclear Promise Initiative and its objectives, how
7 will the industry ensure that the objectives or the
8 promise are met in a manner that doesn't diminish safety
9 and security?

10 So again, very parallel questions on
11 parallel initiatives. Cathy first.

12 MS. HANEY: Thanks, Mike.

13 Well, I do welcome the opportunity to
14 discuss Project Aim from the regional perspective I
15 think. Many of the Commissioners and the Chairman's
16 opening remarks, they touched on Project Aim as well as
17 there was a session yesterday on Project Aim where you
18 heard about the goals of the project from the agency
19 level. But as you would assume, the goals at the
20 regional level parallel and are carefully supportive of
21 that.

22 What, if you recall back to what we've been
23 hearing, is there have been no re-baselining efforts.
24 And while most of that work has been done out of
25 headquarters, all the regions have been very heavily

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1 involved in any of the decision making at the staff level
2 that's been made and in the prioritizing of the work that
3 has been done.

4 Chris Kennedy, Marc's Deputy Regional
5 Administrator, supported the regions on that meeting
6 and the effort of reprioritizing and forming some of the
7 elements in the material that went into the Commission
8 paper that recently went that contained staff's
9 recommendations with regards to the re-baseline effort.

10 If you look through that list, a lot of them
11 have to, the actions have to do with rulemaking
12 activities, administrative support issues, travel,
13 training. But you do see examples in there that pertain
14 directly to the work that the four of us are overseeing.
15 Some of the examples that you see are the staffing
16 mid-cycle reviews. That's one of the items that's in
17 the near term, in six months.

18 Another one is a recommendation in reducing
19 resources in the construction area, which that one
20 pertains specifically to my region.

21 Also looking at efficiencies in the fuel
22 cycle.

23 I bring up these other business lines just
24 to say the reductions in the re-baselining efforts go
25 across all of our business lines.

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1 Then we touch on efficiencies in
2 streamlining the significance determination process,
3 as Cindy mentioned. And again, another plug for
4 tomorrow's session.

5 And then another one to mention again, that
6 these last two are in the more near -- the longer term,
7 the 18-month period: efficiencies in the reactor
8 inspection report documentation.

9 As we've looked at the proposed reductions,
10 really we're looking at from our standpoint at the
11 region, are we able to continue to carry out our safety
12 and security mission? And the answer is, yes, we think
13 we are able to do that with minimal adverse impact.

14 Now, that's not to say that there won't be
15 changes in the regions in how we go through our
16 day-to-day operations. But from the standpoint of
17 meeting our mission of safety and security, we're very
18 confident that we'll be able to do that.

19 One of the quotes I think that I would take
20 away from yesterday's session -- and I think it might
21 have been Maria that had said it -- but it applies to
22 us as well as everyone, the NRC as well as all the
23 industry and other representatives in the room, I think
24 the key for us is really having the right person in the
25 right place at the right time. And this goes directly

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1 to making sure that we're identifying the critical skill
2 set that we need to perform the areas. And while I may
3 in Region 2 have that critical skill set, if Cindy needs
4 it in Region 3 that we can share resources across the
5 different lines. And that's how I think we'll meet the
6 future.

7 We're doing that in several areas already
8 as we're sharing inspectors between different regions,
9 license examiners between different regions. But
10 that's one of the keys that, one of the tools that we'll
11 use as we move forward in carrying out, making sure that
12 we're meeting our mission.

13 MR. JOHNSON: Thanks, Cathy.

14 MR. RAUSCH: Yeah, for Delivering the
15 Nuclear Promise our objectives are to continue to build
16 on the safety and the reliability piece. We think that
17 we've done that well over the last decade in terms of
18 continually improving our reliability and safety at the
19 stations.

20 However, what we've kind of left untouched
21 or haven't focused on as much is driving the efficiency
22 in the way we do that, and therefore controlling our
23 costs. And our costs have escalated overall about 28
24 percent over that same decade. And, you know, it's to
25 the point now where economically many of the stations

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1 without action will become very challenged in,
2 depending on what market they're in, in their viability
3 to remain economically viable, to continue to do that,
4 to operate.

5 So the focus is in every case balanced with
6 ensuring that we're not going to reduce safety or
7 reliability through the initiatives. That's viewed at
8 the Steering Committee. We have 35 initiatives that we
9 intend to roll out in 2016-2017. And each one of those
10 is reviewed by the Steering Committee which is 10 CNOs,
11 an executive from NEI and an executive from INPO, and
12 to make sure that the approach that we're taking is not
13 going to reduce safety or reliability.

14 There's been a webinar that would be used
15 for each of these to inform everyone on how to implement
16 it by maintaining that focus on safety and reliability.
17 We have assessments at the stations that will be done,
18 assessments across the fleets for those stations that
19 are in fleets. And then we have INPO, who is traveling
20 with us during this whole journey. And they are making
21 adjustments to ensure that we're not limiting our work
22 or our scope in terms of our pursuit of excellence.

23 So as they come in and they do their
24 evaluations, their assist visits, as they trend
25 information for any individual station or the industry

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1 as a whole, there will be thresholds that will introduce
2 additional challenge to make sure that we're addressing
3 any early signs of decline or adverse results that we
4 were not expecting.

5 So we've built quite a bit of checks and
6 balance into the process. And we'll be rolling each one
7 of those out using a consistent methodology of the
8 training webinar, if you will. They will all come out
9 in a bulletin form with very specific guidance on how
10 to implement. Some of them, obviously are easier than
11 others.

12 We have rolled out four of such bulletins.
13 We approved six more earlier this week. And those will
14 be released in the next few days. So we'll have ten
15 bulletins on the streets here within a couple days that
16 will begin our Delivering of the Nuclear Promise. So
17 we've got a pretty significant goal of reducing all-in
18 costs by 30 percent across the industry. We've made
19 good progress on that in the last several years. And
20 I think we've got a very intriguing set of 35 initiatives
21 that are going to help us get a good portion of that
22 30-percent over the next two-and-a-half years.

23 MR. JOHNSON: Great. Thank you, Tim.

24 I have a couple of questions that are
25 related so I'm going to tee those up. And I think they

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1 are directed at the NRC so, so you guys will get a chance
2 to decide who you want to weigh in on this. They both
3 relate to consistency across the regions.

4 So one question is, how are the NRC's
5 efforts to provide consistency in the process of
6 addressing low level findings being effective -- I'm
7 sorry. How are the NRC's efforts to provide
8 consistency in the process of addressing low level
9 findings being effective, or how effective are they, I
10 guess I would say? And what have been the results to
11 date?

12 And then the second question, a very
13 related topic or same topic: What are you doing as
14 regional administrators to address the significant
15 differences between regions on the number of green
16 findings or violations as noted in a recent GAO audit
17 report?

18 And what are you doing to approve the
19 consistency of inspection and decision-making between
20 the regions? How can headquarters staff help you with
21 this?

22 So who wants to take that?

23 MR. DORMAN: Nobody.

24 This is Dan Dorman. The issue arises from
25 a GAO study actually a couple of years ago that found

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1 I would say statistically significant differences
2 between the regions on the numbers of low significance
3 findings. They, for the greater-than-green findings
4 they did not find an inconsistency.

5 A year or so ago there was an effort that
6 was led by NRR Division of Inspection and Regional
7 Support to understand what those differences were.
8 They developed some I would say table-top scenarios.
9 They described performance deficiencies that might be
10 discovered in an inspection and the circumstances
11 surrounding that. And brought in experienced
12 inspectors from all of the regions and had them
13 independently develop the finding associated with those
14 scenarios.

15 And I think the area that that focused us
16 on the most greatly was the minor/more than minor
17 distinction. So the action out of that is to develop
18 into the manual chapter additional guidance and
19 examples to help inspectors and their management in the
20 regions to be more consistent in applying those
21 standards. I think we are still early in that process.
22 It's too early to say how effective that is, but that
23 is the steps that we're taking on that.

24 MR. DAPAS: Just one thing to add.
25 Another factor in why there have been differences in the

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1 number of green findings gets to credit for
2 identification. You know, when is it self-revealing?
3 When it is licensee-identified? When it is
4 NRC-identified?

5 And, you know, we're looking at if you
6 identify an issue as part of a surveillance test, should
7 you get credit for that in terms of licensee-identified?
8 Or what if the deficiency that was manifested during the
9 surveillance test was not part of the planned
10 surveillance scope?

11 So there's been quite a bit of discussion
12 between the Regional Offices and the Program Office, the
13 Division of Inspection and Regional Support that is led
14 by Scott Morris, on how to resolve some of the
15 differences in credit for identification.

16 And then the specific question, you know,
17 how are we as respective regional administrators
18 engaging to ensure consistency? I can speak to my
19 involvement in the processes in Region 4.

20 We have inspection debriefs. Every
21 resident report, quarterly inspection report is
22 debriefed with DRP and appropriate DRS management in
23 attendance. And the senior resident and resident
24 inspector explain the findings that have been
25 identified and the basis for determining why they were

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1 more than minor.

2 We have the Division of Reactor Safety has
3 inspection debriefs. I've attended those debriefs.
4 And there have been times where we have decided that the
5 finding was not appropriately characterized and there
6 were some changes made. But I would offer, by and
7 large, with few exceptions, it's been my experience that
8 the more-than-minor determinations have been
9 appropriate.

10 And so that's one thing that we're doing.

11 And then the other thing is when I listen
12 to the mid-cycle and end of cycle discussions, there's
13 very extensive collaborative discussion there to ensure
14 the characterization of licensee performance is
15 appropriate.

16 And then another thing I would offer is that
17 we did relatively recently revise the criteria for
18 determining a cross-cutting issue there and their
19 deterministic backstops. But I think one of the
20 industry concerns was if you have more green findings,
21 you have more findings with a cross-cutting aspect
22 there, and you potentially cross the threshold for
23 substantive cross-cutting issues, that criteria has
24 changed. And, as you know, it takes I think six
25 findings with the same cross-cutting theme. And then

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1 human performance as a example, a deterministic
2 backstop is 20 findings.

3 So I, you know, for me the most significant
4 outcome of that GAO report was consistency across the
5 regions regarding greater-than-green findings. And I
6 hope that we don't lose focus on that because that, to
7 me, is really the most important aspect there in terms
8 of consistency across the regions because that results
9 in, obviously, resource expenditure by the industry to
10 address those.

11 MS. PEDERSON: Let me just add a little bit
12 more. This is Cindy.

13 We've been trying to do a better job of
14 pre-planning our inspection activities from the
15 perspective of when we enter into new areas. For
16 example, as Dan mentioned, the post-Fukushima temporary
17 instruction we'll be doing. We're creating into the
18 process a cross-regional, with NRR support, process to
19 screen all of those issues such that we have and develop
20 a more common understanding of the more -- the
21 minor/minor threshold.

22 So I think we're trying to project a little
23 bit better when we're going to need these types of
24 integrations, if you will. And I think that is going
25 to serve us well, and has served us well in a number of

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1 areas we've done it in the past.

2 Another thing, we have opportunities where
3 we do benchmark and cross-shared resources across.
4 We've done some more of that. And we've also encouraged
5 and have ongoing counterpart conversations at various
6 levels through the organization. And they're very
7 focused on this as well. And so I think we're trying
8 to do a few more things proactively to get ahead of it
9 and build it into our process instead of waiting to see
10 if the outcomes are different.

11 MS. HANEY: And then, Mike, if I could
12 comment. This is Cathy. Those of you in the audience
13 from Region 2 are aware that I've only been in this
14 position about six weeks. So this is a great
15 opportunity for me to engage in this area.

16 More of an anecdotal story than a specific
17 example, as Cindy and Dan and Marc have given. When I
18 was assuming the position in Region 2, one of the things
19 that was very early in the process brought to my
20 attention was this GAO report. And I've been able to,
21 with fresh eyes, be able to come into the region as well
22 as into the program areas. And really one of the areas
23 that I am focusing on is this.

24 And I think the -- it's a testament to the
25 fact that this is very key on all of our minds and that

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1 we are working together on just the synergy that's
2 created amongst the different regional administrators
3 and bringing, drawing the attention to this very
4 important matter.

5 MR. JOHNSON: Okay, very good.

6 I have a couple of questions that are
7 follow-up to our, I think, earlier discussion on the
8 significance determination process. And one is for the
9 industry. So, I don't know, Tim, if you want to just
10 start with this one, and Fadi. You guys decide.

11 As the NRC makes efforts to streamline the
12 enforcement process, SDP specifically, to improve the
13 time limits of finding disposition and reduced
14 resources, licensees' and NRC's, used to finalize
15 significance determinations will the industry be
16 willing to reset the inclination to re-analyze and to
17 challenge final determinations? So, will the industry
18 be willing to reset the inclination to re-analyze and
19 challenge final determinations, is the question?

20 Tim.

21 MR. RAUSCH: Fadi, that sounds like a good
22 one for you.

23 (Laughter.)

24 MR. DIYA: Well, you know, part of the
25 changes that we will make is that as an industry we will

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1 have to be, and we'll need to be, and we are willing to
2 be more timely and responsive in doing our evaluations
3 and making sure that we bring it to closure the right
4 way. And, you know, we are interested in focusing our
5 efforts on safety and reliability and risk. And I want
6 to make sure that we're doing the right evaluations and
7 the right reviews in a timely way to bring that to
8 closure so we stay focused on safety, reliability and
9 risk.

10 MR. RAUSCH: Yeah. And I would just add
11 that I think in the process, as we look at the process
12 enhancements or revisions we would entertain, you know,
13 that, that opportunity to do less of that or not do that
14 any longer, if that's the case. But the process has to,
15 you know, be built to support that kind of outcome.

16 So we'll be very interested in being
17 engaged in that review process and providing that input
18 when that comes around.

19 MR. JOHNSON: Thanks, Fadi. Thanks, Tim.

20 Also related to the significance
21 determination process, this one for you Cathy as a
22 follow-up. Has the NRC considered using some of the
23 same new SDP process enhancements that are being
24 considered for the reactor oversight process in the
25 construction reactor oversight process; for example,

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1 the Inspection Review Board, the early senior manager
2 interaction, so on and so forth?

3 MS. HANEY: Thanks, Mike. Very good
4 question.

5 In Region 2 we've really had the
6 opportunity to benchmark the operating against the
7 construction, the construction against the operating on
8 a day to day basis. So while we're working routinely
9 with NRR on the operating side, we're working routinely
10 with the Office of New Reactors also on a daily basis.
11 So we're well aware of the activities that are going on
12 with regards to the operating reactors.

13 And we are considering that with regards to
14 the new plants and how we can bring best practices from
15 both sides. And we want to pride ourselves in being a
16 learning organization as even beyond just the reactor
17 oversight program. If there are things that we can
18 bring from one side to the other and vice versa, we do
19 that.

20 Also, we really take it so far as even in
21 Region 2, unique from other regions, we have the fuel
22 facilities. Again, there are lessons learned,
23 operating experience that we bring between all three
24 different business lines, large business lines that we
25 have in Region 2.

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1 MR. JOHNSON: Okay, thank you.

2 There are a couple of questions related to
3 decommissioning. So they're, I think -- and they're
4 directed at Dan. So I'm going to tee them up and, Dan,
5 you can take them in any order.

6 The first is: Region 1 has experience with
7 decommissioning of public utility-owned plants. What
8 is your perspective on the decommissioning of merchant
9 plants and their inability to rely on rate payers for
10 decommissioning costs, I guess is the question?

11 And the second question is: Is there any
12 thought around restructuring or changing Region 1
13 organization and for approaches based on large numbers
14 of plants in Region 1 going into decommissioning?

15 MR. DORMAN: Okay, so Cathy gets to build
16 them. Unfortunately, the deregulated markets in the
17 northeast, as you all know, are very challenging for the
18 merchant nuclear power plants. And we have had the
19 permanent closure of Vermont Yankee at the end of 2014.
20 We have announced intentions for permanent closures for
21 FitzPatrick in January of next year; for Pilgrim no
22 later than mid-2019; and for Oyster Creek by the end of
23 2019.

24 So to the question of thoughts around
25 restructuring or changing Region 1, clearly we know that

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1 as those plants transition from operating status to
2 permanent shutdown and decommissioning we will be
3 getting smaller. The next one that will impact us is
4 the closure of FitzPatrick, and so that is, that impact
5 will come next year. And so that is in our thoughts in
6 terms of how that will impact our organizational
7 structure. I think at this point it means we'll get a
8 little smaller. And how we do that specifically within
9 the organization is still under discussion.

10 The other question had to do with the
11 distinction between a publicly-regulated utility. And
12 the presumption there is that even in a decommissioning
13 status that utility could go to their Public Utilities
14 Commission and get approval for some fee to be passed
15 through to a rate payer if there was some short fund in
16 the decommissioning trust fund, versus Vermont Yankee,
17 there's been a lot of discussion, a lot of interest from
18 the community and from the state around whether the
19 trust fund is adequate.

20 The decommissioning trust fund for Vermont
21 Yankee is upwards of \$600 million. The estimated cost
22 of decommissioning the facility is upwards of \$1
23 billion. There was -- if you heard Commissioner Baran
24 this morning talking about the decommissioning
25 rulemaking, this is an area of great interest. And the

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1 decommissioning rulemaking is the decommissioning
2 trust funds and what's the role that the state and local
3 communities can play in helping in the decision-making
4 process in the decommissioning.

5 Where we are right now is when a plant
6 enters decommissioning status, the frequency of updates
7 to the NRC on the decommissioning trust fund's status
8 is, the frequency is increased to every year. There is
9 a small cadre of financial experts in the Office of
10 Nuclear Reactor Regulation that examine those, the
11 balances and the investments of those funds which are
12 managed by independent trustees, and examine those from
13 the standpoint of the licensee's decommissioning
14 strategy and decommissioning cost estimates to assess
15 whether there is reasonable assurance that those funds
16 will be invested and will grow in a manner that will
17 support that decommissioning plan.

18 In the case of Vermont Yankee, they have
19 indicated a plan to use the SAFSTOR option that exists
20 under the current regulation. That allows them to wait
21 as much as 50 years before beginning the dismantling and
22 decommissioning. I think the projection based on the
23 existing trust fund and the projected growth of the
24 trust fund is that they will begin that work in the 30-
25 to 40-year time frame. And by rule they have up to 60

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1 years to complete that work.

2 So based on our review of their trust fund,
3 their investment, and the projections of the growth of
4 that fund, and the cost of the decommissioning
5 activities, the staff has reasonable assurance that
6 that fund will support the decommissioning of that
7 plant.

8 We'll have similar reviews, I'm sure, as we
9 go forward with the other merchant plants as they enter
10 into decommissioning. And we will continue with the
11 decommissioning rulemaking and take that wherever the
12 Commission takes us.

13 MR. JOHNSON: All right, very good. Thank
14 you, Dan.

15 Tim, this question is for you. And I think
16 you'll be able to answer very quickly.

17 Actually, I should point out that Tim's
18 first name is not really spelled with two M's. You can
19 blame us for that.

20 But this question is to Tim. And it is: Are
21 these 35 initiatives -- talking about Delivering the
22 Nuclear Promise -- are the 35 initiatives you talked
23 about publicly available? And let me just broaden the
24 question. How much of Delivering the Nuclear Promise
25 is publicly available? If a member of the public wanted

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1 to go find it, what would they find?

2 MR. RAUSCH: That's a good question. I'm
3 not sure. I know that we do have some communication
4 materials that have been developed for the public. And
5 in those materials we summarize some of the initiatives,
6 the types of initiatives that we're pursuing. The 35
7 initiatives are on the NEI website, but currently that's
8 for members only.

9 So NEI has a communication plan. And we'll
10 take that feedback back to NEI and try to, try to
11 determine how much of it we should be putting out there
12 for the public to view. But there is a docket or a
13 document that's been created for public use and public
14 communication of the initiative in itself. It doesn't
15 get down into the detail of the 35 specific
16 opportunities.

17 MR. JOHNSON: Okay. All right, very good.
18 Thank you.

19 This next question relates to -- well, I
20 think should be answered, we're going to try to answer
21 it by the NRC, but also by the industry. It relates to
22 NUREG-1022 Rev. 3.

23 And the question is: That NUREG included a
24 discussion that SSC's not meeting the Tech Spec LCO is
25 considered not capable of performing its safety

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1 function. This caused licensing decisions with
2 hundreds of 50.72 and 50.73 reports that add little
3 value to, for example, secondary containment LCOs.
4 What's the NRC doing to reduce this licensing burden?

5 And I guess I wanted to also an industry
6 perspective, if you have one on this issue.

7 MR. DIYA: That's a good one for Tim.

8 MS. PEDERSON: Do you want me to go first?

9 MR. RAUSCH: Go ahead.

10 MS. PEDERSON: Okay. I was just going to
11 add a couple thoughts. Well, I'm no expert on the
12 NUREGs, so I will tell you that up front.

13 But I think just from a general
14 perspective, if there are items that you think are of
15 little value or low value, those should be things that
16 are brought to the table. And, you know, NRR has
17 routine periodic meetings on the ROP. That would be an
18 example. If it's something very specific to a
19 particular licensee maybe we can look, do we need a tech
20 spec change or something that would alleviate the
21 problem.

22 But, obviously, you're accountable to your
23 existing rules and regulations. If you think there's
24 something there that's not of value, we've got various
25 processes in which to pursue that. I'm not aware of any

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1 widespread examination we're doing to try to reduce
2 50.72s or 50.73 reporting.

3 MR. RAUSCH: For the industry, we're
4 working through NEI really on process enhancement
5 around operability determinations. So we're, we've
6 got that drafted. We'll be seeking NRC input on that
7 document. It will be out in the second quarter for
8 industry to review and comment on and engage NRC on.
9 And our goal is to have a draft that's in real good shape
10 by the third quarter of this year.

11 And so that would help us ultimately treat
12 these kind of issues with more efficiency, more
13 consistency, repeatability. And, hopefully, it
14 eliminates a lot of the unnecessary reporting and so
15 forth.

16 So NEI's got the lead on that through the
17 licensees.

18 MR. DAPAS: I would offer just one quick
19 perspective. I think some of these examples may very
20 well fall into that arena that I was speaking to
21 regarding low risk/low safety significant compliance
22 issues.

23 And I mentioned the workshop where the
24 industry and the NRC would be asked collectively to
25 identify examples in helping to define that threshold.

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1 And perhaps some of these examples you're referencing,
2 the individual that offered the question regarding
3 50.72, 50.73 reports, I assume there are operability
4 decisions associated with those. And perhaps those
5 could be included in that workshop discussion and
6 dialogue.

7 MR. DORMAN: And if I could add, just add
8 one thing. There was a mention in the question I think
9 of secondary containment. And one of the particular
10 issues that arose out of that revision of NUREG-1022 was
11 situations where by human error for a matter of seconds
12 the inner door and the outer door of the airlock are
13 opened at the same time. And that one did produce a
14 large number of reports to the NRC under 50.72, 50.73.

15 The NRR took a look at the wording in 1022
16 relative to that, and concluded that 1022 was adequate
17 but that some plants had very restrictive tech specs
18 that resulted in those reports. And so there has been
19 an initiative to have a standard tech spec revision that
20 would support that. There are some plants I know in
21 Region 1 that have gotten the change. I think there are
22 some that are still under review. So that adjustment,
23 that's where the adjustment is being made on that
24 specific issue.

25 MR. RAUSCH: Dan, just last we heard, that

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1 tech spec was due out around June of this year. Is that
2 still the time line?

3 MR. DORMAN: I'm looking around at NRR.
4 I'm getting shoulder shrugs from NRR. But we'll back
5 to you on that.

6 But I think that my recollection is at least
7 one of my clients has already gotten the amendment. So
8 but we can get back to you on that.

9 MR. RAUSCH: Okay, thank you.

10 MR. DORMAN: No lifeline takers.

11 MR. JOHNSON: Okay, no lifeline. Right.

12 Okay, this question or these questions
13 actually follow up on the operability discussion that
14 we had, Marc and Fadi. So I will direct them to you.
15 They actually touch on the same, the same issue.

16 Regarding the low probability compliance
17 issues impacting operability, the process sounds like,
18 or the process that we described sounds like a long-term
19 NOED which goes against the NOED intent. Similarly, it
20 sounds like an intrusion of probability into the op eval
21 process. How do you reconcile this new process with
22 previous agency and industry guidance and expectations?

23 And then so the related question, the very
24 same questions maybe, is Mr. DePaul referred to a longer
25 duration enforcement discretion for low risk items.

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1 How does the agency envision implementing this? For
2 example, revise the NOED process, new process, et
3 cetera?

4 MR. DAPAS: I'll offer an initial thought.
5 And then I think Rob Elliott's here in the audience here.
6 I may use him as a lifeline here since he is the
7 individual in DOES that has specific ownership for this
8 initiative.

9 But the intent here is not to bring
10 probability into play regarding the deterministic
11 operability determination. As I mentioned earlier,
12 you cannot bring probability into that equation.
13 Licensees would have to determine the compensatory
14 measures they can take. Is the particular structure
15 system or component operable? Can it perform its
16 intended safety function?

17 What we're talking about is NRC inspectors
18 not focusing a lot of attention on that operability
19 determination that is made by the licensee, but looking
20 at if we both agree that it is of low safety significance
21 here, what is the time frame for correction? You know,
22 is there discretion such that that condition can
23 continue to exist for some period of time based on the
24 safety significance, as determined by bringing a
25 probabilistic risk assessment to the equation?

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1 But it is not intended to, if you will,
2 restructure the operability determination process to
3 allow probability to come into play. Because, you
4 know, the assumption there is that the event occurs and
5 then you have to look at can that structure system or
6 component provide the appropriate mitigative function.

7 So I hope -- I apologize if I left you with
8 the impression that we are looking at bringing
9 probability into that OD process. That's not the case.

10 I'm going to ask Rob if there's anything he
11 wants to add to that.

12 Yes, I did give him a heads-up I may use him
13 as a lifeline.

14 MR. ELLIOTT: So, yeah, what Marc said is
15 true. We're not introducing operability into the
16 operability determination process.

17 The concept of whether or not we're looking
18 at NOEDs differently, that's a potential solution path.
19 The devil is in the details about how we work this
20 process out. But one of the ways that we're looking at
21 that we might implement it is to utilize a different
22 version of the NOED process. And that would probably
23 require notifying the Commission that we're changing
24 the way we originally told them that we would do NOEDs.

25 MR. DIYA: And from an industry

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1 perspective, we're still developing this guidance
2 document. And we appreciate your feedback and want to
3 make sure we're clear in the document in terms of what
4 it is and what it's not. And so appreciate your
5 feedback on that.

6 MR. DAPAS: I'd just offer the overarching
7 goal here is not to continue to expend agency resources
8 and the industry expend resources on addressing issues
9 that are of very low probability, low safety
10 significance here. And so can we carve out a process
11 there which is allowed, when you look at the language
12 that I referenced in the enforcement policy, for us to
13 disposition issues that are of low risk significance?
14 And that can include exercising enforcement discretion
15 to achieve an outcome that, in our view, is not putting
16 public health and safety at risk.

17 MR. JOHNSON: Okay. A question related to
18 Project Aim -- actually more directly related to
19 Delivering the Nuclear Promise. I think it's directed
20 at the regional administrators actually.

21 Economics in nuclear power -- economics
22 around nuclear power generation are driving individuals
23 -- individual industry-wide changes. How are the
24 regions ensuring that initiatives like Nuclear Promise
25 are not compromising safety? So how are you ensuring

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1 that those changes are not compromising safety?

2 MS. PEDERSON: I can start. I imagine
3 multiples of us probably want to add into this.

4 It's certainly an area that is of
5 significant interest to us because there are the
6 potentials for performance to be impacted in the areas
7 of performance that we regulate. So certainly it is
8 something that is of interest to us.

9 I know in Region 3 specifically, we
10 included a discussion about Delivering the Nuclear
11 Promise as part of our end of cycle internal meetings
12 to make sure our staff was familiar. And we'll likely
13 have another briefing on that in an upcoming seminar.
14 But we're making our staff sensitive to the issue and
15 sensitive to looking for could there be negative
16 performance changes with that.

17 Also, we started a dialogue among some of
18 us just recently about whether we need to do things more
19 broadly in looking at this in the potential for
20 performance so we don't get into "See previous question
21 on regional consistency." So we're looking at ways
22 that we want to be thinking about this. But certainly
23 we do have interest in the area because it does have the
24 potential to change performance.

25 MR. DORMAN: I guess I would just add that

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1 our baseline inspection program is focused on safety
2 outcomes, not on dollar figures, investments to the
3 plants. So, so that doesn't change. So our focus is
4 still on the outcomes.

5 I would say a related but slightly
6 different issue that we have in Region 1 with the
7 announced closures is we have plants that are going to
8 potentially operate several cycles where they have
9 announced a closure. And that's changing how they're
10 looking at the future of the plant potentially and the
11 types of investments and the frequency of the
12 investments that they're making in the plant.

13 And, again, our focus within the baseline
14 inspection is to target our samples in that direction
15 of operations and maintenance, and are they doing the
16 things to ensure that the licensing basis, the design
17 basis of the plant continues to be met right up until
18 the last day and ensure the safe operation of the plant
19 right up until permanent closure.

20 We have flexibilities in our sample
21 selections within the baseline program. And we
22 experienced that with Vermont Yankee as they got up to
23 their closure at the end of '14. And we are doing
24 similar things with the other plants that have announced
25 closures. But, again, our focus is on the safety

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1 outcomes, not where the dollars are spent.

2 MR. DIYA: No, go ahead.

3 MR. RAUSCH: Previously when we were
4 talking about the Delivering the Nuclear Promise I had
5 mentioned a document. So this is the document you can
6 find on the NEI website available to the public. And
7 it was published in February. So it's an up-to-date
8 document on what we've shared publicly so far in
9 Delivering the Nuclear Promise.

10 MR. DIYA: And from a safety perspective,
11 you know, it's our top priority. And through
12 Delivering the Nuclear Promise our goal is to advance
13 safety and reliability while gaining efficiencies.

14 And as an industry we'll put a lot of checks
15 and balances in place to make sure we stay focused on
16 safety. And so that's our responsibility, and we take
17 that very seriously.

18 MR. DAPAS: I just have one additional
19 comment.

20 I don't see some of the Delivering the
21 Nuclear Promise initiatives being in conflict with our
22 regulatory role. An example of that is, as I understand
23 it, I think you have involvement with this, Tim, the
24 design change, this whole process looking for one
25 standardized process that can be used across the

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1 industry. When we conduct our inspection activities
2 we're still going to look at has there been appropriate
3 training? Has the 50.59 process been followed? What
4 are, as Dan said, what are the outcomes there
5 independent of what is the process that is being used
6 there?

7 So I don't see those at cross-purposes. I
8 would expect the process that the industry comes up with
9 to address the same elements that are associated with,
10 you know, our design control regulatory requirements
11 would be encompassed in that process that would be used.
12 And where we identified instances where the
13 implementation of that common procedure, if you will,
14 for the design change process isn't implemented
15 adequately, we would write an appropriate violation and
16 the safety significance would be what it is based on the
17 circumstances.

18 So I don't see those being disconnected or
19 at cross-purposes per se.

20 MS. PEDERSON: I agree. Just to add on
21 that, actually if industry goes to a standardized
22 process in areas such as engineering design, it actually
23 could make us more efficient because our inspectors
24 don't have to go and learn 65 different engineering
25 change processes. So I agree the goals are not in

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1 conflict.

2 There are potentials in some areas to
3 actually be complementary. But reiteration of the
4 bottom line is we're still going to be looking at the
5 safety performance and, you know, that will be, not
6 where your dollars go as has been said, but how the
7 performance is.

8 MR. RAUSCH: Yeah, and just to stay with
9 that theme. Back to the standard design process, when
10 it's implemented then we're sharing lessons learned
11 across the whole industry to further improve the safety,
12 the reliability as well as the efficiency. So where I
13 have my own program now, I can share with others that
14 have similar design programs. We will all have exactly
15 the same design program, so the lessons learned will
16 come out, you know, 100 stations at a time. So, you
17 know, we'll be learning more efficiently across the
18 entire industry.

19 MR. JOHNSON: Anyone else? Thank you.
20 Very good.

21 All right, so this question is for Cathy
22 regarding I think Project Aim, or actually how we move
23 forward I think in the area of construction.

24 Are 1245, Inspection Manual Chapter 1245
25 and Inspector Manual Chapter 1252 being combined into

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1 one program? And I think that really points to a
2 question of maybe a more general question about how do
3 we -- how do you see construction and operations moving
4 forward as units move from construction to operations?

5 MS. HANEY: Well thanks, Mike. That is
6 one of the things that we are discussing on a daily
7 basis.

8 So from the standpoint -- I'm going to
9 address it two ways, Mike. One is the qualification.
10 And this does relate to Project Aim. And this is the
11 agility and the functionability of our inspectors to
12 cross lines between the different -- between operating
13 reactors and new reactors, and new reactors and
14 operating reactors. And it gets on my comment earlier
15 about making sure that we have the individuals with the
16 right critical skills where we need them, and being able
17 to leverage different divisions, different programs
18 within the region as well as between the regions.

19 So we will be looking forward, as from a
20 qualification standpoint of our inspectors, how can we
21 best accomplish that? And then making sure that our
22 manual chapters follow that.

23 Taking it to the even broader step is the
24 aspect of that transition between when does a reactor
25 under construction move into a reactor -- an operating

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1 reactor? And we're seeing that now with Watts Bar in
2 that transition. With -- from a structural standpoint
3 within the region we had a branch that was set up to focus
4 on the construction. As we're moving back into
5 operations with Unit 2 at Watts Bar, that will go back
6 into the normal line management and we'll make a very
7 small organizational change as a result of that.

8 And with regards to Vogtle and Summer, the
9 same thing will be applied there. As they move forward
10 and get closer to operating we're looking at what's the
11 best way on an interim basis to have the region organized
12 to handle it?

13 Do we need, for instance, do we need two
14 sides to the region: one focused on operating plants,
15 one focused on construction plants? And asking
16 ourselves when is the right question to merge those
17 areas? And that's something that frequently comes, I
18 would say at least at my level comes up on a weekly basis.
19 And I'm sure in some of my staff's discussions and
20 conversations it comes up more frequently.

21 Now, with regards to that, those
22 conversation really we're also having with NRR and NRO
23 because we want to sync any regional movement with
24 regards to organizational structure and who's talking
25 to who. Also with how that's handling between the two

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1 headquarters officers.

2 So, again, there's a plan there, there's
3 discussions going on there and will continue. And I
4 think as we move forward over time with the construction
5 of the plants, those questions and firmer and more
6 concrete plans will become even more in the forefront
7 of our mind. And rather than me thinking about it on
8 a weekly basis, it will be on a daily basis also.

9 MR. JOHNSON: Okay, thank you very much.

10 So there's a question that I'll ask that I
11 just want a fairly crisp response to from the RAs.

12 Many of the questions asked have been discussed
13 in detail at RUG meetings with your -- at RUG meetings.
14 With your support of RUGs, do you think all RAs should
15 support the RUG by attending? If other RAs disagree,
16 please have them explain.

17 So I wanted to just get the RUG issue
18 support, RA question out to you guys to respond to.

19 MR. DAPAS: I happen to think regional
20 administrator attendance at the RUG meetings is very
21 important. And I would strive to attend every RUG
22 meeting that has occurred while I've been the regional
23 administrator in Region 4. And if I'm not able to
24 attend due to a conflict that I can't resolve, then I
25 have Chris Kennedy, the Deputy Regional Administrator,

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1 attend.

2 So I think it's very important that we
3 support those at that level within the regional office.
4 So that's my perspective on it.

5 MS. PEDERSON: Are we going down the line?

6 I, we have been trying to support, often
7 it's been at the deputy regional administrator level.
8 I guess what I would say is that, yes, I think we can
9 support those, we should support them if we're ensuring
10 the content of the meeting is appropriate and focused.
11 I think we need to have the right attendees from both
12 sides.

13 So I would say it's depending on what the
14 agenda of the meeting is. And then we should support
15 with the right players.

16 MR. DORMAN: I'm going to let it skip over
17 Cathy because she hasn't been there long enough to have
18 a RUG meeting.

19 Similarly in Region 1, either I or my deputy
20 attends the RUG meetings. If you're not familiar with
21 what a RUG meeting is, it's a Regional Utility Group that
22 it's an industry meeting, typically of the licensing
23 regulatory affairs managers for an NRC region. And
24 they get together. The Region 1 RUG I think meets three
25 times a year. And they invite us to come and

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1 participate for several hours of their meeting around
2 specific agenda topics.

3 So, as Cindy indicated, there will be
4 different senior inspectors or managers from the region
5 that come for particular agenda topics. But either my
6 deputy or I attend those meetings. And I think it's
7 extremely valuable from my perspective to ensure the
8 front office awareness of the issues and concerns that
9 the licensees that we are overseeing have.

10 MR. JOHNSON: Okay. There's another
11 question on significance determination process. And
12 I'll just throw the issue out and then I'll ask again
13 any RA or Tim or Fadi if you guys want to take this on.
14 I think because there are two perspectives on this or
15 two viewpoints on this issue.

16 So the question is: Regarding potential
17 findings that are greater-than-green, the interactions
18 between the region SRA and the licensee's PRA analyst
19 that are open and frank and iterative usually yield more
20 accurate and more timely results. And it asks are we
21 looking at that? And, in fact, in terms of one of the
22 things that we're considering to make that process work
23 better.

24 So I do want you, someone, to talk about the
25 importance of open and iterative conversations, both

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1 from an RIC perspective and from an NRC perspective.

2 MS. PEDERSON: Well, I can start. I fully
3 agree that those conversations are extremely important
4 to being able to assess the particular finding. And I
5 think having those open and frank dialogues sooner
6 rather than later is a benefit to all of us in trying
7 to get timely resolution.

8 And, you know, it's important, very
9 important on what the assumptions are and things like
10 that. And, you know, we may not always agree, but we
11 should understand each other's set of assumptions going
12 into the assessment of risk. And so I fully support
13 having those conversations, having those conversations
14 early and in detail so we at least both understand how
15 we're modeling it and how we're coming to our results.

16 MR. DAPAS: I fully support the open
17 exchange of information between the regional senior
18 reactor analysts and the licensee's risk analyst or
19 specialist. I think there have been challenges
20 regarding when we have communicated that we are looking
21 at an issue as potentially greater-than-green, and so
22 the licensee did not appreciate that's where we were.
23 And so they did not appropriately engage their
24 resources.

25 And then, subsequently, when we had a

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1 communication at a more senior level that we're looking
2 at a greater-than-green issue, that has resulted in the
3 licensee then engaging resources and evaluating the
4 issue. And so I think we have had opportunities where
5 we could do a better job as a regulator communicating
6 why we consider the issue to be potentially
7 greater-than-green, so that the licensee can then
8 engage.

9 And I would offer, the licensee should be
10 looking at that issue as well and not necessarily wait
11 for the NRC communication regarding that. But we have
12 had a couple instances in Region 4 where I think we could
13 have had more effective communications.

14 And then I have to acknowledge that there
15 are -- is variability in the degree of engagement by the
16 senior reactor analyst with the licensee counterparts
17 in the risk analyst base. And that's something that we
18 can look at. And we do need to ensure there is
19 consistency across the individual regional offices,
20 within a region and across the regions. There are
21 differences there.

22 MR. DIYA: From an industry perspective,
23 we fully support the open and healthy dialogue early on
24 between the licensee and the senior reactor analyst.
25 And from a personal experience, the earlier on those

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1 conversations happen and the earlier and the more open
2 these conversations, the better we focus on the issue
3 and make sure we bring it to resolution. And our goal
4 is to really safety and reliability and risk.

5 So we welcome those conversations. And
6 also acknowledge that from an industry perspective we
7 can do a lot of work on our end to really open up those
8 conversations up front and we make sure that we get
9 better in that area.

10 MR. JOHNSON: Okay, very good.

11 This next question, and perhaps it's our
12 last question depending on how, how vigorously we
13 discuss this issue. How can stakeholders be sure of the
14 NRC's sincerity about reducing resource expenditures on
15 low significant safety issues, or low safety
16 significance issues, when the agency is forging ahead
17 on low or no safety significant issues such as tornado
18 missile, service life and open phase and others?

19 So this is clearly directed at Fadi just to
20 --

21 (Laughter.)

22 MR. JOHNSON: This is clearly one that you
23 guys you should take on, NRC, please.

24 MS. PEDERSON: I can start with I guess an
25 NRC perspective. A number of those kind of issues are

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1 active and current in Region 3. I think we are all
2 struggling with our ability to use our resources most
3 wisely. And we certainly are looking at being more
4 efficient. Industry is looking at being more
5 efficient. And so I think it's appropriate that we ask
6 ourselves these questions.

7 I think part of the difficulty is, is how
8 do you determine how much resources to put on these
9 issues because they still are compliance issues. And
10 compliance is mandatory. I mean that's the foundation
11 of our presumption of safety, is meeting the
12 requirements.

13 Now, we all recognize that various
14 requirements have different impacts on safety. That's
15 clear. So we are trying to figure out how best, on our
16 part as well as industry's part, to use our resources
17 wisely. So it is an issue that we are dealing with.
18 We're trying to become more efficient. We're trying to
19 find a way that we can risk inform that. But we still
20 do have to disposition compliance issues.

21 MR. DAPAS: Well, I agree altruistically
22 with we need to disposition compliance issues. But
23 when I'm at a site and I'm talking to the resident
24 inspectors and they seem to be pursuing an issue that
25 in my view, you know, clearly doesn't have safety

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1 significance, my guidance is I think there are other
2 issues that you could be spending your time focusing on
3 that would have a greater return on that inspection
4 investment in terms of safety significance there.

5 You know, I cannot tell an inspector don't
6 pursue this because, you know, ignore the
7 non-compliance. But it's how do you spend your time
8 when you're at a site there, and what are you focusing
9 your activities on? And, frankly, you know I guess I'd
10 be remiss if I didn't have the opportunity to say this
11 at least once during this presentation: the juice isn't
12 worth the squeeze on some of these issues. It just is
13 not.

14 And so how do you change that culture?
15 Well, it takes ongoing engagement. I see Troy Pruitt,
16 the Region Director for the Division of Reactor Projects
17 smiling. I know he and I have talked and he's had
18 specific discussions with some of the inspection staff
19 like, you know, Hey, let it go. Focus on some other
20 things that we think will have a greater return on that
21 safety significance, you know, the investment in terms
22 of time spent.

23 So I offer that perspective.

24 MR. JOHNSON: Well, I think that actually
25 was the last question that we'll have time to deal with.

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1 I do note that we have, we have three
2 additional very intriguing questions. If the
3 questioners who didn't get your questions answered want
4 to come up, please feel free to do so after the session.

5 I certainly want to take time at the very
6 end to thank Joel Rivera-Ortiz for helping us organize
7 this session.

8 I certainly want to thank the panelists.
9 Please join me in a round of applause for the panelists.

10 (Applause.)

11 MR. JOHNSON: And thank you.

12 This concludes our session.

13 (Whereupon, at 12:03 p.m., the session in
14 the above-captioned matter was concluded.)

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