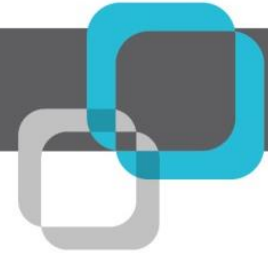


# Responding to Regulatory Findings



## Abstract

ScottMadden assisted a multi-unit nuclear operator in preparing for a NRC 95002 inspection resulting from a security-related “greater-than-green” finding. Project goals were to ensure readiness for the Nuclear Regulatory Commission’s (NRC) inspection and to address cultural gaps around safety and security integration across the site.

ScottMadden provided project management and change management leadership for the inspection, including an initial extent of condition assessment, development of a 95002 communication strategy and content, and day-to-day project management and project support.

## Introduction

The NRC identified deficiencies in the client’s security program, resulting in a “greater-than-green” violation for the station and placing it in Column 3 (Degraded Cornerstone) of the NRC’s action matrix. This required a NRC 95002 inspection. A consequence of not passing the 95002 inspection was a more intrusive and resource-consuming inspection (Column 4 – 95003 inspection), potentially resulting in preparation/mitigation costs between \$100–200M. The purpose of this project was to correct the deficiencies, pass the 95002 inspection, and eliminate the need for a 95003 inspection.

**NRC Action Matrix – Pre-Inspection**

		Column 1 Licensee Response	Column 2 Regulatory Response	Column 3 Degraded Cornerstone	Column 4 Repetitive Degraded Cornerstone	Column 5 Unacceptable Performance
<b>RESULTS</b>		<ul style="list-style-type: none"> <li>All assessment inputs green; cornerstone objectives fully met</li> </ul>	<ul style="list-style-type: none"> <li>One white input; cornerstone objective met with minimal reduction in security performance</li> </ul>	<ul style="list-style-type: none"> <li>Multiple white inputs or 1 yellow input; cornerstone objective met with moderate degradation in security performance</li> </ul>	<ul style="list-style-type: none"> <li>Multiple yellow inputs or 1 red input; cornerstone objective met with longstanding issues or significant degradation in security performance</li> </ul>	<ul style="list-style-type: none"> <li>Overall unacceptable performance; unacceptable margin for security</li> </ul>
<b>RESPONSE</b>	Regulatory Performance Meeting	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Brand Chief or division director meets with licensee</li> </ul>	<ul style="list-style-type: none"> <li>DD or regional admin meets with senior licensee mgmt</li> </ul>	<ul style="list-style-type: none"> <li>EDO or DEDR meets with senior licensee mgmt</li> </ul>	<ul style="list-style-type: none"> <li>EDO or DEDR meets with senior licensee mgmt</li> </ul>
	Licensee Action	<ul style="list-style-type: none"> <li>Licensee Corrective Action</li> </ul>	<ul style="list-style-type: none"> <li>Licensee root cause and corrective action with NRC oversight</li> </ul>	<ul style="list-style-type: none"> <li>Licensee cumulative root cause with NRC oversight</li> </ul>	<ul style="list-style-type: none"> <li>Licensee performance improvement plan with NRC oversight</li> </ul>	
	NRC Inspection	<ul style="list-style-type: none"> <li>Risk-informed baseline inspection program</li> </ul>	<ul style="list-style-type: none"> <li>Baseline and supplemental inspection (95001)</li> </ul>	<ul style="list-style-type: none"> <li>Baseline and supplemental inspection (95002)</li> </ul>	<ul style="list-style-type: none"> <li>Baseline and supplemental inspection (95003)</li> </ul>	
	Regulatory Actions	<ul style="list-style-type: none"> <li>Licensee Corrective Action</li> </ul>	<ul style="list-style-type: none"> <li>Supplemental inspection only</li> </ul>	<ul style="list-style-type: none"> <li>Supplemental inspection only. Plant discussed at AARM if conditions met.</li> </ul>	<ul style="list-style-type: none"> <li>10CFR2.204 DFI</li> <li>10CFR50.54(f) letter CAL/order. Plant discussed at AARM.</li> </ul>	<ul style="list-style-type: none"> <li>Order to modify, suspend, or revoke licensed activities. Plant discussed at AARM.</li> </ul>

ScottMadden was retained by the client because of our nuclear industry and project management expertise, as well as our ability to react and mobilize quickly. Additionally, ScottMadden had a strong relationship with this client, previously supporting merger and integration efforts and a number of improvement projects. To align with the client's needs, the project was organized into two primary focus areas:

1. **Extent of Condition Assessment** – Complete an extent of condition assessment around the NRC's violation
2. **95002 Preparedness** – Ensure site preparedness for the 95002 inspection, including integration of key security programs into daily station activities

## The Challenge

The client faced two key challenges. First, a high-quality extent of condition assessment was critical to correct the deficiencies and successfully pass the 95002 inspection. Some previous work was done on this assessment—presenting a challenge to leverage what had been done, refocusing the extent of condition team, and completing the work in time to support the inspection.

***“...sets forth the Commission's expectation that individuals and organizations establish and maintain a positive safety culture commensurate with the safety and security significance of their activities...”***

Second, there was a need to change the station's culture as it related to nuclear security. Nuclear security is included in the NRC's definition of a strong nuclear safety culture. In order to meet this expectation, station personnel needed to better understand and acknowledge security's relative importance to plant safety and in day-to-day operational activities. Additionally, the security organization needed to expand its focus from operational excellence to include programmatic excellence to better drive security expectations throughout the station.

Given the regulatory consequences associated with the project and the importance of the issue to client leadership, it was highly visible within the organization and carried an elevated level of scrutiny.

## How We Helped

To prepare for the 95002 inspection, ScottMadden provided day-to-day project management support for the following work streams:

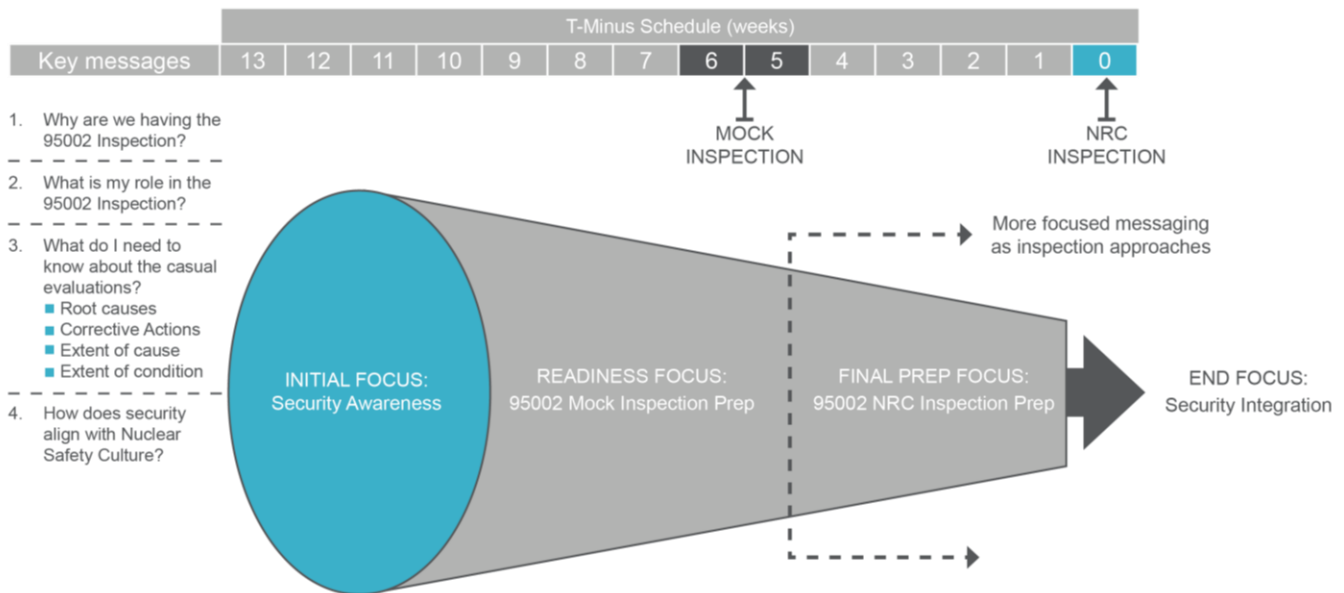
- Extent of Condition Assessment  
To ensure the extent of condition assessment was successful, ScottMadden worked with the client team to establish a thorough, formal, and standard process to identify, document, and evaluate potential items in question, assessing them against NRC standards. ScottMadden's assistance included organization and oversight of dedicated client teams that reviewed documentation, performed physical site inspections, and validated station alignment with NRC requirements. When completed, the final document served as the design basis for a new program focused on the proactive identification, mitigation, and control of the items in question with a focus on effective practices, defensibly documented.

- 95002 Preparedness

To ensure thorough and comprehensive preparations for the 95002 inspection, the client team was organized into a four-team construct:

1. The **root cause evaluation team** focused on ensuring the appropriate completion and documentation of each root cause finding and on resulting corrective action. The associated documentation was organized in volumes for quick reference during the inspection.
2. The **training team** focused on training security and site personnel on the new security program as well as the 95002 inspection protocols/process. This included computer-based training, daily/weekly communications, site demonstrations, and targeted training sessions.
3. The **inspection readiness team** focused on coordinating a mock 95002 inspection and facilitating pre-inspection preparations. This included establishing NRC interaction protocols, completing corrective actions resulting from the mock inspection, ensuring alignment with NRC and client inspection requirements, and addressing pre-inspection NRC information requests.
4. The **internal communications team** focused on the cultural change management needs associated with integrating a security focus into all station activities. This team also managed pre-inspection interactions with regulatory and external stakeholders. Figure 1 highlights the key messages and focused communications used to achieve cultural change management and 95002 preparedness expectations.

### 95002 Preparedness Communications Strategy

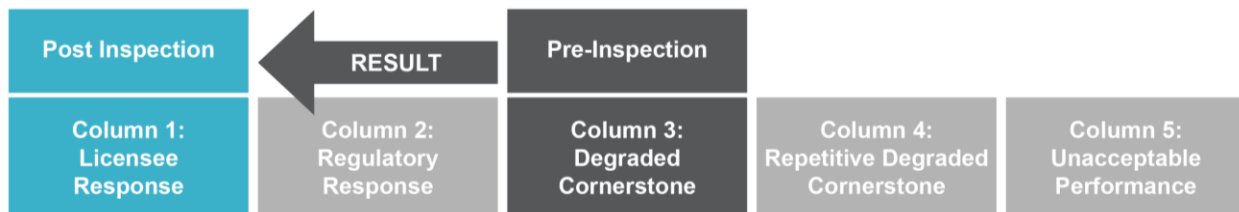


## Results

This project was completed successfully. The NRC’s inspection resolved the original issue and resulted in no additional findings. The NRC moved the station from Column 3 (Degraded Cornerstone) to Column 1 (Licensee Response) of the NRC’s action matrix. This outcome avoided a 95003 inspection with an estimated preparation cost of \$100–200 million.

In their exit interview, the NRC noted the station’s safety culture as a strength with excellent participation and energy in focus group interviews and field observations. Also, they noted that the extent of condition design basis and the new security program were now industry leading practices.

### *NRC Action Matrix – Post Inspection*



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