

## NUPIC STATUS REPORT – FALL, 2011

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NUPIC Members and others:

In a few weeks we will be electing a new NUPIC Steering Committee, including a new NUPIC Chairperson. The choices you will make are important to our industry, and should not be made without thought and reflection. At the beginning of the "nuclear renaissance", vendor quality is in the forefront. We are called on to be efficient, effective, and critical. NUPIC is the answer to that challenge, now as it was at its founding in 1989.

The new leaders that you select must be ready to make a commitment to the organization, sometimes beyond that to their individual utilities. A vision of success is needed.

Important projects that will take place in 2012 include:

1. **Upgrade of the NUPIC Website.** The IT Committee is leading this effort. "Double Dues" are being collected for 2012 in order to pay for this \$100,000+ upgrade. John Simmons has done most of the negotiating on our behalf. The work by ETHANY will begin in earnest in January 2012 and should be complete by the third quarter. An over-view of the "New NUPIC Website" will be discussed at the 2012 Auditor Conference. The Steering Committee has told Ethany that we would make our first payment on the work with whatever leftover balance we have at the end of 2011. Equal monthly payments are expected in 2012 through completion of the upgrade. Additional IT committee members (TPC & KHP) have been added to help with testing as the upgrade rolls out.
2. **2012 NUPIC/NRC Vendor Conference.** The 2012 Conference is booked for Baltimore's Inner Harbor. It will include coordination with the NRC for their day long Regulatory Conference. I expect a huge turnout for the joint conference, similar to New Orleans. The new Steering Committee will name a new VIC Chairman, who will make sure that preliminary information and planning makes the December 2011 NUPIC Newsletter. Gene Wasson has a good handle on the planning that's been done to date, as Constellation will host. We also make a lot of money for our organization on this conference; and as in 2011, Del Senner of ENW will serve as CFO.
3. **NUPIC Audit Training.** Joint efforts between NUPIC (Darlene Stimart) and EPRI PSE (Marc Tannenbaum) have been underway for over a year to produce training on how to perform NUPIC Audits. Estimated at about 75% complete, this project needs an early push to finish work and be ready for a test run at the February 2012 Auditor Conference. NUPIC Training Coordinator Harold Alewine of Duke Power will be assuming ownership of the project from the Working Committee that got this off the ground.
4. **Inclusion of NEI AA Audit Scheduling within the NUPIC Process.** The NQML SC has asked NUPIC to pursue this action. John Simmons of the IT Committee has an action to discuss with Ethany the framework for doing this as part of the 2013 NUPIC Audit Scheduling. The new NUPIC Chair will be working with Bob Kelm to cooperatively implement this concept.
5. **Impact of Cyber Security Regulations.** My understanding is that cyber security regulations require that licensees audit cyber security programs of their suppliers prior to 12/31/2012. Early in 2012 the new NUPIC Steering Committee will be seeking to better understand this regulation, seek expert assistance if needed, and assign appropriate actions to the Process Management Committee for updating our procedures and checklist. Stan Mitchell chairs the Process Management Committee.

In addition to these specific projects, the following ongoing activities require your awareness:

1. **NUPIC financial reporting to the IRS.** Secretary/Treasurer Wendy Woltz of PGN has worked extensively with an attorney in the Raleigh NC area to make sure we understand the law regarding our organization's responsibilities. Wendy will oversee the filing of a return with the IRS for 2009-2010, and payment of a penalty. We will have to file again in 2012 and each year thereafter. There are also legal limits to how much money NUPIC can carry over into a new year; the Secretary/Treasurer will monitor.
2. **NUPIC Newsletter.** This is a critically important means of communication with the industry. Twice a year, December and April, Jim Johns of FEC organizes with Ethany to publish. Jim is doing a great job and will continue.
3. **Member Performance Monitoring.** The MPM Chair reports out in executive session with the Steering Committee at each meeting, the members who have declining performance. When that declining performance becomes serious, over multiple quarters, the Steering Committee must act. The NUPIC Chairperson contacts the Senior Manager of the member company, reviews with them the declining performance, and requests a written improvement plan. If this plan is not provided, and if performance does not improve, more drastic measures must be considered, including suspension of access to the NUPIC database. All these actions will be documented in a SCAR.
4. **Missed Opportunity Report.** At each NUPIC Steering Committee Meeting, the Training Committee Chair presents a summary of recent missed opportunities identified in the database. The role of the Steering Committee is to review this report for trends and actionable items. Actionable items are documented in SCARs; identified trends are direct feeders to the agenda development for the Auditor Conference. Harold Alewine of Duke Power, the Training Committee Chairman, provides recommendations to the Steering Committee this regard.
5. **Limited Scope Audit Program.** LSAs are an important response to the NRC's challenge to place more focus on vendors with declining performance. ANSI N45.2.12 refers to "supplemental audits" as a required response when additional oversight is needed. The 30 month audit frequency adopted by NUPIC was allowed with the understanding that supplemental LSAs would be performed. Corrective action by the Steering Committee will become necessary if there appears to be a trend within the membership to accept only the minimum assignment of audits, and not volunteer for anything extra. The new Chair will watch this situation closely, and consider assigning LSAs if necessary. We can't allow this program to fail.
6. **International Members Engagement.** Mihai has several initiatives underway to improve the level of international participation, and deserves our support. The "pilot project" adding him to the Steering Committee as a representative of the international members expires in February 2012, and the Steering Committee will decide whether or not to continue this project.
7. **NUPIC Participation in the NNOMS Training Course.** The NQML has accepted our pledge to provide trainers on supplier evaluation at their twice-a-year training seminar for new Nuclear Oversight Managers. Darlene Stimart of XEL fulfilled this role in June 2011; Mark Coren of Duke Power will take over for the December 2011 session. This is an important first opportunity to educate our utility managers in our contribution to quality oversight.

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The new Chair of NUPIC will also represent the organization to the following groups;

1. **The NRC.** The NUPIC Chair is the primary interface with the NRC Vendor Branch for NUPIC. Rich McIntyre is your contact person. Every significant audit finding from NUPIC Audits is copied to the NUPIC Chair, who forwards it on to Rich McIntyre.
2. **The NQML.** The NUPIC Chair has an automatic seat on the NQML Steering Committee. The NQML Steering Committee, currently led by Jeff Defebo of PSE, has conference calls every other month, and the NUPIC Chair is expected to provide a NUPIC Update. Twice a year, the NQML Steering Committee meets in person; in March at INPO's offices in Atlanta GA, and in July as part of the Nuclear Oversight Conference hosted by the NQML. The NUPIC Chair is expected to make presentations at both the NOC, and at the NQML General Membership Meeting that precedes it. The NQML are the utility managers that provide us our funding; its important that NUPIC present its best foot forward.
3. **EPRI JUTG.** Marc Tannenbaum represents the JUTG at each of our NUPIC Meetings; the NUPIC Steering Committee is expected to represent NUPIC at theirs. These meetings are held twice a year at various locations around the country. I chose during my time as Chair, to delegate this meeting to my Vice-Chair, Fawaz Jabali, and he has done an excellent job.
4. **EPRI QA Committee.** This committee meets annually, and is comprised of utility representatives who oversee the functioning of the EPRI QA Program. The NUPIC Chair is expected to represent NUPIC at these meetings, but I have always delegated that responsibility to Fawaz.
5. **Other Industry Groups.** There are many industry groups that might be added to this list. Some that I can think of include the Nuclear Supply Chain Leadership (Sherry Grier used to go, but I never did); NEI AA Meetings (a closer relationship with NEI AA Program would be a good thing); NUPIC New Plant Development Committee (this is our future and we need to keep Brian Mervak and his committee integrated into everything we do); NUPIC Nuclear Fuel Committee (we all buy fuel, NUPIC needs to be involved); NIAC (Jeff Baysinger has some good thoughts on how we can engage these folks).

The new NUPIC Steering Committee should consider organizing a Self-Assessment of NUPIC early next year that includes interviews with vendors and the regulator, and management observations of NUPIC Audit and Survey Teams. We havent self assessed since I started as Chair in 2009, and it is an excellent way to engage management and energize the organization.

Lastly, some principles I've found important over the last three years, I pass on to the new Steering Committee and Chairperson, as well as to each NUPIC Member as keys to a strong and effective future:

1. Always put the interests of NUPIC first, even above those of your own utility;
2. Ownership of the organization must be shown by having only utility members leading audits (no contractors);
3. Seek to include new people in leadership roles;
4. Listen to the smallest voice; and
5. Follow our procedures.

I know you'll make the right choices during the upcoming election to assure the continued success of NUPIC. Thank you for your support.

John