



NRC NEWS

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The Annoyance of a Good Example

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Good Morning everyone. As always, it is a pleasure to be here.

This conference is a great opportunity to exchange views, obtain the latest information, and network. When I first joined the Commission, attendance and interest in the Regulatory Information Conference was waning. There was some consideration to hold the conference every other year.

Seven years later, it is more than annual conference, it is an annual event. Most of the credit goes to Sam Collins and his staff, who have listened to feedback and initiated meaningful improvements in the RIC program. Thank you Sam and thanks to all who help make the RIC such a huge success.

This is the first conference in several years where the Commission is not at full strength. And I want to take this opportunity to publicly thank our former Chairman, Dick Meserve, for his leadership and vision.

As many of you know, moving towards risk-informed regulation is an important ongoing regulatory initiative. When I think in terms of risk and probability, it is highly likely that this is my last Regulatory Information Conference as an NRC Commissioner. As I reflect on my NRC

career, I am thankful to many people in this room - - from industry executives, to individual NRC staffers, and to NRC's most fervent critics. Thankful, not because you have made my job easier, but because you have made me better and most importantly, you have made the NRC a stronger organization.

Today, I will resist the temptation to discuss, in detail, security and safeguards. Clearly, it remains a high priority and focus. We have learned a tremendous amount since the events of September 11th about intelligence, interaction, and security. This broadening of security perspective has also introduced me to a new language - - the vernacular of the intelligence community. For example, a rumor is now "uncollaborated intelligence," someone who gossips is "a source with undetermined reliability" and a rumor, once it is determined to be false is, termed "noncredible."

So how do I make my potentially last speech at the RIC memorable?

On October 29, 1941, it was reported that Winston Churchill visited the Harrow School to hear traditional songs and speak to the students. The story goes that Churchill stood before the students and said, "Never, ever, ever, ever, ever, ever, ever, give up. Never give up. Never give up" and then sat down. Short and memorable - if only you all could be so lucky. It turns out that the story came from "a source with undetermined reliability" and was "noncredible."

I do not intend to bore you with a timeline of NRC accomplishments. Although, I think, you would agree that the number of significant accomplishments over the past decade has outnumbered NRC accomplishments during any preceding similar timeframe. In my seven years on the Commission, we have sought many improvements in our regulatory processes and embarked on numerous reforms. I am proud of that record, proud of our staff and grateful to everyone here today who had a role in improving our regulatory process and helping to enhance our collective ability to ensure public health and safety.

Mark Twain once wrote: "Few things are harder to put up with than the annoyance of a good example." How many of us have been involved in a discussion or debate and then someone brings up an example that is almost irrefutable? You know what I am talking about - an example that singularly discredits our arguments or causes us to shift our focus from seeking to prevail to hoping for compromise. And, should we fail to realize what has happened when this "good example" is introduced and continue to advocate strongly for a contrary position, we can dig ourselves a shamelessly deep hole and discredit ourselves far more than the single "good example" ever could.

Over the past seven years, we have seen several "good examples." All "good examples" are not good experiences. For those that might argue that it cannot happen to me, I offer the examples of Millstone, DC Cook, and Davis-Besse. For those that suggest what we have is good enough or that we move too slowly, consider the improvements we have accomplished through the revised reactor oversight process and the license renewal process. For those that might say the NRC and industry do not focus on safety, take a look at the industry safety record over the past 20 years. For those of you that might suggest all we need to worry about is the domestic

energy sector, consider Chernobyl, or the events of September 11th and you will realize that we need to worry about much, much more than what is within our geographical boundaries.

You might know that every year the NRC Inspector General publishes the top challenges facing NRC. We have our challenges laid out for us. You may find we are challenged in ways not articulated by the Inspector General. This year I thought I might offer my insights, informed by seven years experience, of the most significant challenges facing the industry. I have no scientific basis and if you challenge my views with a “good example,” I will not be annoyed. The three challenges that I would like to discuss with you can be characterized as the challenge of relationship, the challenge of engagement, and the challenge of mortality.

Relationship

In a maturing nuclear power industry, new nuclear plant designs are emerging; the transition to a risk-informed and performance-based regulatory structure is fast approaching; and licensees are submitting large numbers of applications for license renewal and power uprates. As the nuclear power industry moves forward and as the NRC moves toward improved regulatory processes, we must all remain ever mindful of our most important responsibility and principal duty -- safety.

The future of nuclear power depends on maintaining safety. While the industry’s role is to operate safely by setting and maintaining high standards, even above those required by regulation, the NRC continues to provide stable and predictable processes, provide independent and vigorous oversight, and thus ensure that the public remains confident that we are a strong and effective regulator. Former Chairman Meserve indicated that viability of the nuclear option is absolutely dependent on the maintenance of safe operations. The NRC's -- and the industry's -- highest priority must be the protection of public health and safety. If we fail in ensuring safety, the emerging optimism about nuclear energy will quickly disappear. I agree.

Over the years, the industry’s and NRC’s role has evolved. Today, the NRC is called to interact increasingly with industry, Congress, State and Tribal representatives, other Federal agencies and interested public stakeholders. The key to these interactions is a strong relationship built on truth, trust, communication and mutual respect.

The post-September 11th security and safeguards environment has strained many relationships. The nature of dealing with sensitive security-related information often necessitates implementing our processes outside of public purview. When this happens communication wanes and trust is more difficult to maintain.

Many of you may have new relationships with the community, law enforcement, and other government agencies as a result of the response to the events of September 11th. The challenge is to forge these new relationships in a meaningful manner while building on the foundation of previous relationships. As with any life-changing event, there is potential for profound positive outcomes. I believe that all parties will emerge from this with a better

understanding of roles and responsibilities and ultimately perhaps different and better relationships.

I challenge each of you to evaluate these relationships. Is there a larger role for industry to play in stimulating two-way communication among stakeholders, for example? This evaluation will, of course, need to consider roles and objectives and how these relationships may affect or perceive to affect your desired outcomes. In general, almost everyone here can have a very powerful role in shaping relationships and the future of nuclear power.

Engagement

The next challenge is engagement. The challenge distills to two critical questions;

- Are you engaged in nuclear industry? and
- How are you using that engagement to improve safety?

Many may think that is ridiculously simple question, even some slight indignation. Of course we are engaged! But I would suggest engagement is a more complex and difficult journey, not solely defined by awareness, interest, or organizational position.

If you agree with me that our most important responsibility and principal duty is safety, then I believe you are compelled to think more broadly, think outside your individual facility, and think about your larger role. It is in defining this larger role, defining the organization responsibilities, understanding, sharing, and internalizing information and then changing to improve safety that epitomizes “engagement.”

One simple metric of engagement is how you and your organization use operating experience, lessons learned or best practices. I believe that if we continue to learn the same lessons over-and-over again, we have learned very little. If we ignore best practices, we cannot become better. And, if you do not effectively seek and use operating experience to improve safety, you are not engaged.

The use of nuclear technology has a global impact and whether we are operating the technology, handling or safeguarding nuclear material, designing new plants, or providing independent oversight, we engender a responsibility that has implications beyond corporate boardrooms and Commission tables. Engagement is international.

There is an uncertainty in the future of nuclear power. An uncertainty that varies often by things we cannot control. For those things we can control, we are obliged to always do what is right. For but we can influence, we are similarly obligated to do what we can to foster an underlying responsibility to nuclear safety. Engagement positively influences safety.

I concluded that we must always remain open to new ideas, understand international and domestic experiences, and be supportive of international initiatives designed to improve nuclear safety. Mark Twain was insightful and we should be annoyed when we recognize good examples

of poor performance. I am reminded of the performance history of some of the US nuclear power plants - where good performing plants turned inward and did not keep pace with improving industry practices or lessons learned. In a short period of time they converted from good performers to “good examples.” On a similar and broader scale, the NRC and the US nuclear industry cannot turn inward. We must remain open-minded, realize that we can learn, and consider how to participate more effectively and efficiently in national and international arenas that can improve safety.

At the beginning of this discussion on engagement, I asked two questions. If you thought that you and your organization are fully engaged, you may be right or - - your journey to engagement may be more difficult because you have an initial hurdle to overcome.

Mortality

By most measures, the nuclear power industry thrives today. It thrives for many reasons, not the least of which is the NRC’s strong and independent oversight. I believe both NRC and the industry thrive today because they have faced their own mortality and made necessary changes.

“The report of my death was an exaggeration” so said Mark Twain. The same could be said by the NRC after its “near-death” experience in the late 1990’s. Or even of the nuclear industry in the mid to late 90’s when the plans and resources for decommissioning outnumbered plans and resources for new reactor designs. When the prognosis is bleak, the medicine is change.

We have found ways to deal with the mortality of equipment. We refurbish, upgrade, or replace. Equipment and material problems are often, not always, easy to identify and objectively monitor and are often preventable and always correctable.

People do not work like equipment. They are far more complex and temperamental. They are our greatest investment and our most treasured resource.

Whether there is resurgence of nuclear power or not, the changing nuclear workforce provides enormous management challenges that must be addressed today. The current inflow of new talent does not equal the outflow of experienced workers. Even when we are able to attract talented young men and women, the lack of upward mobility or lack of variety in career paths may result in segments of the workforce moving outside the nuclear area. Maintaining and cultivating core competencies in nuclear-related areas remains a key concern for the industry and the NRC. The downturn in other segments of the economy and the excitement about the future of nuclear power appears to contribute to an improved outlook for attracting new talent. But, the human capital crisis is not over. Demand still outpaces supply.

We must be pro-active and aggressive in seeking out talent early, training to best utilize their talent and planning smartly for what the future may bring. We need to be able to respond to emerging technology, deal with emerging issues, and deal effectively in the international

environment. Our credibility as an effective, competent regulator and the industry's credibility as effective and competent designers and operators hinges on maintaining a strong technical expertise.

The challenge is not just to recognize the finite nature of our resources. The challenge is to cultivate our resources - not just invest in them. Our most important resource is our people and their ingenuity and spirit. Churchill said, "Some regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow that they can milk. Only a handful see it for what it really is - the strong horse that pulls the whole cart." I challenge you to be part of that handful.

CONCLUSION

I hope you will accept the challenges before you as you have over the last seven years and longer. The three challenges, as with most challenges I have laid out, are sometimes easy to dismiss and more often difficult to achieve. The investment in addressing these challenges is noble and worthwhile.

So, thank you for listening today and, as always, thank you for being such a gracious audience. I wish you continued success and best wishes.