

No. S-95-17
Tel. 301-415-8200
Internet:OPA@NRC.GOV

"The Changing NRC Environment"

Chairman Shirley Ann Jackson
U.S. Nuclear Regulatory Commission
at the
Commission Meeting with the NRC Staff
Plaza Area, White Flint Complex
Rockville, Maryland
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Good morning, ladies and gentlemen. Commissioner Rogers and I are pleased to welcome you to this special meeting of the Commission with the agency's employees. As the Commission's newest member, I have been looking forward to this meeting for some time as an opportunity for me to talk directly with the agency's staff and particularly those of you that I have not had a chance to meet before today's meeting, to hear what your questions and concerns are, and to try to respond to these concerns as well as to explain my perceptions of what the future may hold for the NRC.

For those of you unfamiliar with the purpose and format of this meeting, I should explain that it has been the Commission's practice in recent years to meet with its employees about once annually, usually in the summer or early fall, to enable employees to become better acquainted with newly-appointed Commissioners and to facilitate communication between the Commissioners and individual members of the staff. Given the interactive character of this meeting, Commissioner Rogers and I, following my brief opening remarks, will entertain questions from NRC employees here "on the Green" as well as those from our regional and field offices, who are connected to us by open telephone lines. Since we cannot accommodate all NRC employees in the Plaza area at one time, we will be holding a second session of this meeting this afternoon at 1:30 p.m.

I also want to welcome members of the public and any representatives of the news media who may be here today. Although the Commission recognizes that you may also have

questions that you would like to address to the Commission, we would ask you not to do so at either of today's sessions so that the Commission and its employees can communicate with each other as we intended when we scheduled this special meeting.

Before I turn the microphones over to all of you for questions, I would like to take a few minutes to give you my perspective on some of the important issues that we face and on the direction that I think the agency needs to take in the immediate future. Although I have been Chairman of the NRC for a little more than two months, it has become strikingly clear to me that the external and internal environment within which the NRC conducts its activities is rapidly changing. Interestingly, none of the changing circumstances that I see are of major significance by themselves, but when taken together, pose, in my opinion, as great a challenge as the NRC has had to face at any time since 1975, the year the agency was created as an independent regulatory body. In light of the strong impact of these changing circumstances on the agency, it seems inevitable to me that the NRC will have to change as well if we are to carry out our regulatory responsibilities successfully. In fact, if there is one message that I hope each of you takes away from this meeting, it would be that you need to be prepared for change and welcome the challenges and opportunities that change will almost certainly bring.

Some of the changes I am referring to are already familiar to you. For example, as you already know, the Commission at present has only two members, Commissioner Rogers and myself, and we have been operating under a procedure in which the authority of the Commission has been delegated to me as Chairman. In acting for the Commission, I have consulted with Commissioner Rogers and had the benefit of the advice of the agency's senior management. Next month, we expect this unprecedented situation to end when Greta Dicus of Arkansas, if confirmed by the Senate, may assume her position as an NRC Commissioner. I welcome the restoration of a quorum of Commissioners that her appointment will make possible, but I would remind you that although we will therefore be returning to the traditional Commission format that all of you are more familiar with, Ms. Dicus's appointment and others that follow will, in practice, mean that we will soon have almost an entirely new Commission, whose policy direction and guidance are going to be difficult to predict. You have not experienced such a sweeping turnover of Commissioners since the first Commission took office in 1975.

Another change with which you already have ample experience has been the budget constraints that we are learning to live with. The budget targets and the schedule for achieving them set by the President and the Congress have caused the Commission to make difficult choices that have or will impact nearly every NRC

office. I fully expect that we will continue to be subject to these, as well as new, budget constraints that are likely to be imposed for the next several years. I recognize that this introduces a continuing level of uncertainty into your lives, and I would prefer to be able to give you some definitive insights that would put your mind at ease in this regard, but all I can do at this time is urge you to be prepared to adjust to changed circumstances as warranted by events.

Budget considerations are also responsible for the current impasse between the President and Congress over pending appropriations bills, including the NRC's. Even if action on our appropriation, which has passed both the House and Senate, but must be referred to a conference committee, is completed, the situation will remain sufficiently complex that there are possible scenarios under which the NRC may have to furlough employees later this fall for an unknown period of time. Fortunately, and somewhat more likely, there are also scenarios under which the NRC could continue to operate even if other agencies are required to shut down. At this point in time, I am simply unable to give you any definitive information in this regard, and, therefore, I would urge you to prepare for either eventuality.

The changes that I have so far described, all generated within the Federal government, are likely to have only a relatively short-term impact on the NRC. Still other changes, for the most part in our external environment, are more long-term in effect and more significant in terms of their impact on the NRC. The most important of these external changes is occurring in the regulated industry. The nuclear power industry, for example, at one time not long ago one of the most vigorous and expanding sectors of the economy, has rapidly matured. The Watts Bar plant will certainly be the last reactor operating license application that will be pending Commission review and decision in this century, and no new reactor orders of any kind are expected in the foreseeable future. Moreover, although we have developed a sound and sensible licensing process to handle plant life extension in 10 CFR Part 54, and despite meetings with vendors and owners groups in recent years to discuss generic license renewal programs, no license renewal application has yet been filed. As a result, our reactor licensing activities, along with our design certification and severe accident programs, are declining, and our regulatory attention is inexorably being drawn instead toward problems related to the aging of our existing licensed reactors and decommissioning, as reactors that were once leading candidates for license renewal have been instead prematurely shut down.

Another area of potential concern in the nuclear power industry is the competitive pressures which continue to build and could

lead to increased concerns about safety at specific nuclear plants. Although at one time we worried only about the direct competition of traditional electricity utilities with independent power producers and whether the utilities would make decisions about their nuclear operations from the perspective of competitive advantage rather than safety, what we are now seeing is possible consolidation of utilities themselves through several recent proposed mergers. If this approach becomes a general trend as it has in other industries, the NRC will need to pay very close attention to ensure that licenses are transferred, as necessary, to new owners of record, and that any new management teams assigned to existing licensed reactors have the requisite safety consciousness, and adequate resources to operate nuclear facilities safely.

In the materials area, similar changes are occurring that are likely to have significant impacts on the NRC. Later this fall we expect to receive the results of the National Academy of Sciences' study of our program of regulation of the medical uses of radioisotopes. Although the NAS study is just one source of input into our deliberations about whether the NRC should continue to be active in this area, the decision that we might ultimately be called upon to make in this area could have all the characteristics of a "sunset" process, something that we have not done before for an entire major program area.

In high-level waste management, the Congress, as you know, is considering legislation that would, for the first time, place greater emphasis on the development of a centralized interim storage facility as opposed to the permanent repository under development at Yucca Mountain, Nevada. The Commission has prepared testimony on this legislative proposal in which we take the view that we agree with the fundamental approach of an integrated waste management system embodied in the proposed legislation, but continue to believe that deep geologic disposal is a sound and technically feasible solution to the problem of high-level radioactive waste storage. As some of you know, I visited the Yucca Mountain site not long ago and saw first-hand the tunnel and an alcove for the experimental studies function within the tunnel. Of course, DOE still confronts many challenges before site characterization can be completed.

Two other bills before Congress are directed at streamlining and defining future missions of the DOE National laboratories. Although the Commission has not sought an expansion of our regulatory authority over the national labs, we have informed the Congress that we will fulfill whatever missions the Congress decides to assign to us. This, plus the added responsibility of certifying the U.S. Enrichment Corporation's operations, pose significant new challenges to us that we simply must be prepared to address.

These are only some of the changes and challenges that are likely to affect us as I see them. As I indicated earlier, these changes, taken together, could be seriously disruptive to the NRC if we are unprepared in advance to deal with them. Since I view challenges as opportunities rather than problems, I would prefer to address them comprehensively, and in advance, rather than to react piece-meal to their effects on the NRC as they occur. That is the rationale for my strategic assessment and rebaselining initiative that I recently announced and have asked the staff to complete the first phase of by the end of the year. In my mind, with the world changing so rapidly around us, such a course is prudent to permit us to take a systematic look at where we, as an agency, are now and where we should be in the future. Unfortunately, I think there has been some fairly widespread misunderstanding of the purpose of this initiative and how it differs from other actions and reports that have been prepared in response to the NPR and to the congressional reductions in our budget, misunderstandings which I would like to clarify if possible.

First, I want to emphasize that unlike the NPR phase 1 and 2 reviews, my strategic assessment and rebaselining initiative does not have as its primary objective the achievement of a preferred outcome. In other words, I have not asked the staff to conduct this assessment/rebaselining effort in order to reduce FTE levels or to eliminate programs or activities, although it is possible that later in the process the rebaselining phases may have this effect. Rather, I have asked the staff to look at what we are doing from a wider perspective than we have used in recent years in order to provide better input into NRC's planning process. The first phase of the initiative, the "strategic assessment," involves identifying and examining the sources of the mandates that make up our regulatory mission - statutes, executive branch directives, and Commission decisions so that we can establish a mutual understanding of what our mission is - what is required of us. Also included in this phase is a process of looking at agency activities to determine whether they are being conducted in response to a specific mandate or whether these activities have some other rationale for their existence, and whether there are areas where we should have ongoing programs to implement a specific mission, but do not. This phase is, as the title implies, essentially a review, categorization, and assessment, but will not address whether programs should continue or what resource levels should be assigned to them, which are traditionally and more appropriately addressed in the next phase, rebaselining and strategic planning. The first phase provides input to the following phases and ultimately to budget and human resource planning, which is the fourth and final phase of this initiative. With respect to the latter two phases, I have suggested the incorporation into a single strategic plan of the Human Resources Plan, and Information Technology Strategic Plan,

which will provide the foundation for the agency Five Year Plan and the yearly budget process. I believe that this approach is necessary to meet the challenges we face and to guide our activities and decision-making in the future.

I would also like to acknowledge partnering efforts among all NRC employees and to express my support for the concepts and ideals embodied in such activities.

Now I would like to turn this meeting over to our employees. I would ask each of you who wishes to ask a question to use one of the microphones available so that everyone can hear your question. Please feel free to direct your question to me, or to Commissioner Rogers or to both of us. May we have the first question, please?

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