

1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION
3 OFFICE OF THE SECRETARY

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5 NRC ALL EMPLOYEES MEETING
6

7 Commission Conference Room
8 One White Flint
9 Rockville, Maryland
10 Wednesday, June 21, 2000

11 The Commission met in open session, pursuant to
12 notice, at 1:30 p.m., the Honorable RICHARD A. MESERVE,
13 Chairman of the Commission, presiding.

14 COMMISSIONERS PRESENT:

- 15 RICHARD A. MESERVE, Chairman of the Commission
- 16 GRETA J. DICUS, Member of the Commission
- 17 NILS J. DIAZ, Member of the Commission
- 18 EDWARD McGAFFIGAN, JR., Member of the Commission
- 19 JEFFREY S. MERRIFIELD, Member of the Commission

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:
2 PATRICIA NORRY
3 KAREN VALLOCH, NMSS
4 SALLY ADAMS, Admin.
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[1:30 p.m.]

MS. NORRY: Good afternoon. I'd like to ask that those who are still standing, maybe you could move to seats. I'd like to welcome everybody to the second session of the ninth annual meeting between the commissioners and the staff. We've held these meetings every year since 1991, with the exception of 1993. We are hooked up to the regions with video, and to TTC, also, with video, and to the resident sites by audio.

After the chairman has made his remarks, there will be an opportunity to ask questions. For that purpose, there are microphones and for that purpose, you have been given cards. And I would urge you to please, if you prefer to have your question read, as opposed to getting up and asking it yourself, that's fine, but just kind of wave your hand at the usher, so they know to come and collect your question. So, the questions this afternoon will be read by Karen Volloch of NMSS and Sally Adams of Admin.

I'd like to acknowledge the officers of the National Treasury Employees Union, who are with us in the audience. Also, joining us are Bill Travis, the EDO; Jesse Funches, the CIO -- excuse me, CFO -- what is your title, Jesse -- and Stu Rider, the acting CIO. Just a reminder that questions related to labor relations, personnel

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1 practices, and so forth are more appropriately handled
2 through the agency partnership and we will do so when they
3 are called to our attention.

4 A word about the weather: the latest predictions
5 are that the earliest the storm will hit will be 4:00; but
6 given the erratic nature of storms, we are watching it very
7 carefully. If it becomes necessary, we're prepared to move
8 this into various sites in the buildings and you will be
9 directed where to go. But, we hope to get finished before
10 we have to think about that.

11 Now, I'd like to introduce Chairman Meserve and
12 turn the meeting over to him.

13 CHAIRMAN MESERVE: Thank you, Pat.

14 [Applause.]

15 CHAIRMAN MESERVE: Good afternoon, ladies and
16 gentlemen, and welcome to this special meeting of the
17 Commission with the NRC staff. As you know, these sessions
18 are intended to facilitate communication between the
19 Commission and the staff, and to provide the Commission an
20 opportunity to learn first hand of your views, questions,
21 and concerns. Joining me on the platform today are my
22 colleagues Great Dicus, Nils Diaz, Ed McGaffigan, and
23 Jeffrey Merrifield, all of whom have participated in prior
24 all employees meetings.

25 I am the new kid of the block. However, I am not
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1 the latest appointment to the Commission. Although I am
2 sure all of you have seen the recent announcement, I want to
3 reiterate here the best news we have had in some time, Ed
4 McGaffigan will be serving a second five-year term as
5 commissioner.

6 [Applause.]

7 CHAIRMAN MESERVE: I had the pleasure of swearing
8 Ed in, in a brief ceremony last week. I am confident that
9 Ed already knows this, but I want to say, on behalf of
10 myself and all of my Commission colleagues, how delighted we
11 are to have Ed with us and how much we look forward to the
12 fact that we can continue to work with him.

13 I believe that all of you in this audience are
14 more familiar with these proceedings than I. I understand
15 our format today is the same as that used in the past.
16 Following my brief opening remarks, the Commission will
17 entertain questions from NRC employees here in the tent, as
18 well as from employees in our regional offices, the
19 technical training center in Chattanooga, the public
20 document room, and resident inspector offices throughout the
21 country. I welcome all of you at our remote sites to this
22 meeting. This meeting is as much for you, as it is for your
23 fellow employees here in the green.

24 Finally, I want to note that although we have been
25 thoroughly downsized and have seen many familiar faces

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1 retire in recent years, we are still not small enough to fit
2 into one tent at the same time, thank goodness. We had a
3 first session of this meeting this morning.

4 One of the first things I was told about the all
5 employees meeting was that it was traditional for the
6 chairman to deliver some remarks and then to sit back and
7 take an avalanche of questions from 2,800 employees on any
8 subject whatsoever. My first reaction was that I had
9 suddenly been thrust into the position of the disoriented
10 javelin competitor, who somehow won the coin toss and
11 elected to receive.

12 [Laughter.]

13 As a former practicing attorney, it was quite
14 natural for me to employ my best evasions, but to no avail.
15 Ms. Norry was determined that I would make an excellent
16 javelin competitor and warm to the prospects so
17 enthusiastically, that she even volunteered to introduce me.
18 I am sure all of you noticed how cheerfully she played her
19 part and then promptly sat down out of harm's way. My
20 fellow commissioners were so moved by my predicament that
21 they rose as one, to assure me that they would, also, be
22 here and would do their best to catch some of the arrows, as
23 they came headed in this direction. As always, I am
24 grateful for their support.

25 I want to talk to you about where we are today as

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1 an agency, where we are headed in the future, and what we
2 have to do to get there. I will discuss some very familiar
3 things, but I plan to approach them with you from a somewhat
4 different perspective. I, also, intend to be brief on the
5 theory that the best remarks have a good beginning and a
6 good ending, but much distance in between.

7 The theme of the last several all employees
8 meetings has been about the changing environment in which
9 the NRC must operate and with very good reason. In my view,
10 the NRC is facing unprecedented change that poses many
11 concurrent challenges. As you are aware, we are in the
12 middle of a significant restructuring of the utility
13 industry, which is premised on the view that the industry of
14 the future should be governed more by free market principles
15 and less by regulation. The process began in New Hampshire
16 in May, 1996, when a few New Hampshire customers won the
17 right to bypass their monopoly power supplier and to buy
18 electricity from any company. Today, in a growing number of
19 states, the competitive market determines the price of
20 electricity and thus profitability for all forms of
21 electricity generation is dependent on a few economically
22 efficient operations.

23 There is, of course, little doubt that where
24 genuine competition is possible, market processes provide an
25 economically, more efficient regulatory system than

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1 administrative processes. In response to the opportunities
2 offered by price deregulation, individual utilities either
3 begin to divest themselves of the nuclear plants or to buy
4 them or pursue mergers, sometimes with foreign partners, to
5 place themselves in a more competitive position in the new
6 deregulated environment.

7 The difficulty for the NRC in this context is that
8 while market forces do promote economic efficiency, they do
9 not necessarily protect the public interest in such areas as
10 health and safety and environmental protection; in other
11 words, in those areas of importance to society that are
12 non-economic in nature. These areas are traditionally the
13 province of government and, consequently, the NRC must
14 continue to be vigilant in demanding safe operations from
15 its licensees and ensure that pressures to reduce costs do
16 not become incentives to cut corners on safety.

17 The point I want to make here is that the
18 appropriate bounds between the play of free market forces
19 and government intervention through regulation is still
20 being defined, may not reach a steady state for some time to
21 come, and will depend on the continuing good performance of
22 the industry, as well as the effectiveness of the NRC's
23 regulatory program. The conclusion I draw from this is that
24 we can expect to see more changes among our licensees, to
25 which the NRC will need to respond.

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1 A second area of change affecting all of you is a
2 fundamental shift in the regulatory philosophy that has
3 governed NRC programs. All of you are familiar with these
4 changes, so I need not go into great detail. In essence, we
5 have shifted our regulatory thinking from a regime based on
6 conservative engineering assumptions, to a risk-informed
7 performance-based approach that focuses our regulatory
8 attention on the areas of greatest risk. In implementing
9 this new philosophy, we have begun to revise our
10 regulations, to make them more risk-informed and has, as all
11 of you know, implemented a revised reactor oversight
12 process.

13 While we have great confidence in the
14 risk-informed approach to regulation, I recognize that we
15 have only limited experience with it in practice. All
16 regulatory regimes need to be monitored and modified, to
17 ensure that, as far as possible, they are providing optimal
18 regulation, balancing public interest and opportunities for
19 greater efficiency. I thus urge both headquarters and
20 regional personnel to critique these new programs, as they
21 unfold. The Commission is relying on you to provide the
22 necessary guidance, as to whether we are indeed on the right
23 track.

24 There, also, has been a fundamental change in the
25 political environment in the past two decades, which, also,
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1 requires some adjustment by the NRC. Public attitudes about
2 the appropriate size, performance, and role of government
3 are now quite different from those that prevailed at the
4 time the NRC was created. Public suspicion and distrust of
5 government, always an undercurrent in American political
6 thinking, have merged as the prevailing public attitude from
7 the 1960s and 1970s, spurred largely by the Vietnam War and,
8 also, perhaps by the accident at Three Mile Island. This
9 change in public attitude, still quite strong, produced
10 basic support for the notion that government should be
11 smaller, less intrusive, more efficient, managed on business
12 principles, and less costly. As a result, downsizing,
13 reinventing government, outcome-based planning, and other
14 new concepts were applied to government operations in the
15 final two decades of the 20th century. But applying
16 prevailing business methods to government objectives is
17 often difficult, because government is required to pursue
18 objectives, like protection of the public health and safety,
19 that have no unambiguous bottom line economic measures. Our
20 goals and our success in achieving them are less difficult
21 to quantify.

22 One of the adverse impacts of the general trend to
23 smaller government is reflected in our budget. In constant
24 dollar terms, we have been on steady decline for seven
25 years, though we hope to hold the line this year.

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1 Nonetheless, our budget is an area of great uncertainty. We
2 may not have bottomed out yet.

3 Finally, I could hardly discuss changes affecting
4 the NRC without mentioning computer-driven technology. I
5 suspect that former employees of a decade ago, knowledgeable
6 and experienced as they were in the functions of the NRC,
7 might find themselves totally dysfunctional in the new
8 technological environment of the so-called paperless office.
9 Nonetheless, like all the other changes I have described
10 today, the computer-drive revolution can produce potentially
11 significant problems. For example, within our own agency,
12 it is clear that computer technology is an indispensable
13 underpinning for everything we do, yet we must take the time
14 to ensure that specific applications of computer technology
15 are serving the purposes intended for them.

16 At present, the NRC is engaged in evaluating the
17 operational effectiveness of the ADAM system. In response
18 to my memorandum of May 22nd, every NRC office identified
19 the specific problems they have encountered with ADAMS and
20 submitted their responses to my office. The CIO is
21 developing an action plan to address these concerns. Our
22 objective is to make ADAMS easier for you to use.

23 I want to assure you that the Commission is aware
24 of the frustrations and difficulties that all of these
25 multiple overlapping changes are causing. We are trying to

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1 mitigate the adverse impacts to the extent possible. All of
2 us on this platform know full well that the strength and the
3 reputation of any organization is ultimately determined by
4 the quality, experience, and dedication of its employees. I
5 am sure I can speak for all of my colleagues in the
6 Commission, in saying that you have no greater advocates
7 anywhere than the five of us.

8 I, also, want to acknowledge that our excellent
9 reputation as a federal agency has been forged by the
10 collective efforts of every member of the NRC staff,
11 including our technical, legal, and administrative people.
12 In a time of accelerating change, we need to treat each
13 other with mutual respect and work closely together to
14 address the important challenges that lie ahead. The NRC is
15 not now, nor has it ever been defined by one office or one
16 type of employee. The NRC is all of us, acting together, to
17 protect the public health and safety.

18 I am sure by now I have exhausted your patience.
19 I would like to conclude with some good news and some bad
20 news. The bad news is that whatever the future may hold for
21 us, we are all going to spend the rest of our lives in it.
22 The good news is that the future comes one day at a time,
23 giving us time to prepare for it and adjust to it.

24 Now, let me turn the meeting over to you. Each of
25 you seeking to ask a question has the opportunity to use one
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1 of the microphones. We have asked you to do that, so that
2 everyone can hear your question. Alternatively, there will
3 be people, as Pat indicated, who are passing around through
4 the aisles and will be collecting the blue cards, in which
5 you can write questions, if you chose. I, also, want to
6 ensure that we provide ample opportunity for employees at
7 our remote sites to participate, so we'll try to take some
8 questions from them, as well.

9 Let me start with a question from someone here in
10 the green. May I have a question?

11 [No response.]

12 CHAIRMAN MESERVE: Well, thank you, this has been
13 a very helpful meeting.

14 [Laughter.]

15 CHAIRMAN MESERVE: Karen, do you have a question?

16 MS. VALLOCH: Yes. With the implementation of
17 information technology and ease of travel, do you envision
18 additional consolidation of NRC offices?

19 CHAIRMAN MESERVE: It is certainly the case that
20 technology teleconferencing does offer the opportunity for
21 us to work together as a staff in disparate locations more
22 easily. However, I think that it's been an essentially
23 ingredient of the NRC that, for example, that the role
24 played by our resident inspectors, who are, of course, at
25 every reactor site, and it has, also, been important,

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1 therefore, to be able to support them and to provide
2 inspection resources at the regions that can become
3 immediate available at the sites. So, I would think that,
4 at the present time, we won't contemplate any change in
5 that, the structure of our regional offices.

6 Things could happen in the budget that might
7 require us to address this question anew and in a different
8 way. But, absent some radical and unexpected changes in
9 that area, I would not expect to see any changes with regard
10 to our existing set of regional offices.

11 Sally, do you have a question?

12 MS. ADAMS: Yes, I've got a question from one of
13 the regional offices. How or by what measures will the
14 Commission gauge the overall success of the new
15 risk-informed inspection process?

16 CHAIRMAN MESERVE: Well, we fundamentally want to
17 establish that the new risk-informed inspection process is
18 one that achieves its objectives of, first of all, providing
19 an increased focus on safety; assuring greater
20 transparencies, so that the public has an understanding of
21 the results and how the plants are performing; and, thirdly,
22 has greater objectivity, in the sense that there is a
23 consistency on application across the plants. And although
24 we may not have any formal capacity to do that, I think that
25 the Commission would be very interested in input from staff

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1 and from our stakeholders, as to whether we are achieving
2 these objectives.

3 My sense is, is that this is a program that is of
4 such great significance, both from the staff and to our
5 licensees and to other stakeholders, that if it's going
6 astray, that we are going to hear about it. Let me say, as
7 well, that there is going to be an evaluation of the
8 oversight program that is going to be undertaken by the
9 staff and that is due to the Commission in June of 2001.
10 It's intended to reflect the issues and experiences that
11 have arisen from the first year of the operation of the
12 oversight program, in which a wide range of issues that may
13 arise, including the resources that we're expending, whether
14 they're appropriate and dispersed in an appropriate way,
15 will be presented to the Commission for evaluation, so that
16 we are already planning to get input from the staff and no
17 doubt will get input from others, as we evaluate that
18 report.

19 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I just
20 might add, we, also, have -- we had, I think, a fairly
21 successful result in dealing with the evaluation panel we
22 had for the pilot program and the Commission has told the
23 staff to have a similar evaluation panel for the initial
24 implementation period. And so, I think we'll have that, as
25 well.

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1 COMMISSIONER DICUS: And if we could add another
2 dimension, we recognize -- we continue to say that the
3 program is one that we expect to have to make perhaps some
4 changes in and I think we're all open to what we learn from
5 the evaluation panel, from what we learn when we get the
6 report back and where there's a need to make changes, I
7 think, we're all of mind that we can make and will make
8 those changes.

9 COMMISSIONER MERRIFIELD: Mr. Chairman, I would
10 add two things. First, given the fact that we have
11 risk-informed our inspection program, that's going to
12 provide us an opportunity to increase our focus on areas
13 that we believe are truly risk significant and reduce our
14 efforts in those areas where we have, because of that
15 risk-informed nature, realize we were spending a little too
16 much time. Hopefully, that will engender increased public
17 confidence that we're looking at the truly important areas
18 of the plant, to ensure safety.

19 The other thing I would mention is, in terms of
20 increased public confidence, I think the performance
21 indicators have the potential to have a spur that is
22 beneficial and that is increase competition between plants.
23 I, along with the other commissioners, obviously, have had
24 an opportunity to visit a number of plants recently and
25 there is a lot of pride among those plants, in terms of

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1 comparing themselves against others. To the extent that
2 there is a greater openness both among plant employees, as
3 well as the public, that there is an increased level of
4 performance relative to those indicators, perhaps we may see
5 some of that competition result in increased plant
6 performance in operations. I think that would be a positive
7 benefit. And I think those indicators through our Website
8 do allow for the ability for the public to get -- become
9 more educated about the plants and perhaps a more
10 understanding of how they operate.

11 COMMISSIONER DIAZ: Just a quick comment, I think
12 it is important for the Commission to quote the staff
13 frequently, like this is a work in progress, and I think the
14 objectives are set and I think we know pretty much what we
15 should be expecting and we will watch it.

16 CHAIRMAN MESERVE: I see no one -- I don't see
17 anyone at the microphone, so, Karen, do you have a question?

18 MS. VALLOCH: Yes, I do. What are your thoughts
19 concerning the most significant staffing issues that we will
20 face during the next five years?

21 CHAIRMAN MESERVE: Let me say that there is a
22 problem that we confront at the NRC that is similar to the
23 problems that other agencies are confronting -- NASA,
24 Department of Defense, Department of Energy -- and that is
25 that a substantial portion of our workforce is eligible for

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1 retirement and, as each year goes on, an increasing
2 percentage of our workforce is eligible for retirement.

3 We do have, I think, a very significant challenge
4 in maintaining the very high quality of personnel we have.
5 All of us here at the Commission are very conscious of the
6 fact that we are ultimately dependent on and this agency is
7 really defined by the experience and dedication of its
8 staff. And I think that one of our most significant
9 staffing challenges is to maintain the quality that has
10 historically, I think, been the hallmark of this agency, as
11 the years go on.

12 That's going to be an increasing challenge,
13 because the budget restrictions that -- opportunities to
14 over hire are limited. It's a challenge, because,
15 unfortunately, there is -- in the nuclear engineering area,
16 for example, there have been a dearth of recent graduates
17 that are entering the field, although that may be changing,
18 so that there are some significant issues we have in
19 replacing the very high quality of staff we have with their
20 successors. And I think that's probably the largest
21 staffing challenge that we change and, obviously, are
22 similar challenges that are confronted throughout the
23 government.

24 COMMISSIONER MERRIFIELD: Mr. Chairman, if I may
25 make a -- I completely agree with the chairman, in that
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1 regard. I think there are other -- two other issues that
2 we'll be having to grapple with as an agency. One of them
3 is relative to NRR. Congress and our licensees have an
4 expectation that we may have a significant number of licence
5 renewals over the course of the next few years. There is,
6 also, a request on the part of Congress and an expectation
7 on the part of our licensees that we will be addressing
8 those license renewals in a very timely manner. They'd like
9 to have it in a shorter time period than we're doing now.
10 That's a real challenge for us. That may mean that rather
11 than thinking about decreasing staff, as we have before,
12 there may be some need for us to adjust the other way. And
13 so that's something we're going to have to grapple with, in
14 order to make sure we meet those expectations of Congress.

15 The second one we talked about this morning is
16 relative to NMSS. We have an increasing number of states,
17 now 31, who are agreement states, more on the way.
18 Congress, through the Atomic Energy Act, clearly
19 demonstrates that they want us to have a vibrant materials
20 program. We've got the best expertise in the world on that
21 area in this -- in these two buildings and in our regional
22 offices. And so, we're going to have to balance that out.
23 We need to make sure, by perhaps obtaining funding from off
24 the fee base general revenues, that we can ensure in the
25 long term that we will have those core competencies and

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1 those individuals maintained here, to set that baseline for
2 an actual materials program.

3 CHAIRMAN MESERVE: Sally, do you have a question?

4 MS. ADAMS: Yes, I've got a question from one of
5 the regions. If you could, what changes would you make to
6 improve the quality of work life at White Flint and at the
7 regions?

8 CHAIRMAN MESERVE: Well, a pool and a tennis court
9 would be nice.

10 [Laughter.]

11 COMMISSIONER MERRIFIELD: How about the golf
12 course?

13 CHAIRMAN MESERVE: That's right, we're going to be
14 losing the one next door.

15 COMMISSIONER DICUS: I would appreciate a stable.
16 [Laughter.]

17 CHAIRMAN MESERVE: No, seriously, let me respond
18 in this way: I think that we face the -- I indicated we
19 have staffing challenges that are in front of us and I think
20 all of us on this platform have the -- understand and
21 appreciate that the future of this agency is determined by
22 the quality and nature of the people that we have who work
23 here and it is in our interest to make this a
24 worker-friendly place. We, obviously, have constraints that
25 are imposed on us by federal law, in the way of salaries and

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1 various other things and the way of benefits. But, I think
2 it is important that all of us recognizes that within the
3 constraints of the limited budget we have, that we should do
4 all we are legally entitled to do, in order to make this a
5 place in which people want to work and are happy to work,
6 and that's something that all of us strive to do.

7 If there are areas that the staff believes we
8 should or could be doing more, we would welcome the
9 opportunity to hear them. I don't think that as a top down
10 basis, we should be defining what would make a better
11 workplace; but, I think that if there is information that
12 comes up from the staff to us, that would be something we
13 would seriously consider. And I know that some of these
14 issues are ones that are addressed through the partnership
15 process.

16 COMMISSIONER DIAZ: Mr. Chairman, just a comment.
17 I just realized in this question that there is really a
18 deeper meaning to the term "upward mobility" that has been
19 used in here and that, obviously, reflects to the elevators.

20 [Laughter.]

21 COMMISSIONER DICUS: If I could add a little bit
22 to it. It's something that someone said to me this morning
23 after we had the morning session about -- it wasn't so much
24 about morale; it said one of the important things is that we
25 recognize that we really all have to work together, across

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1 offices, across the different parts of the NRC and the
2 regions, and that we really are a working unit and it's very
3 important that the staff recognizes that we're part of that
4 working unit, too. And I think the Commission is working
5 extremely well together. We have a lot of opportunity for
6 interchange on the various issues and where we even have
7 differences of opinion, we're being -- in a lot of ways,
8 being able to resolve those or appreciate the other person's
9 point of view. So, I think that's another part of being
10 sure that there are no obstacles to this sort of working
11 together and interchange and where we do see an obstacle,
12 that we're very willing to get rid of it.

13 COMMISSIONER MERRIFIELD: Mr. Chairman, I would
14 say one additional thing. I think we spend a lot of time
15 worrying about quality of life issues and I think a
16 complement should be given to the Office of Administration
17 for the work that they have been doing on the restat. I
18 know it's been difficult for a lot of people having to move
19 two and sometimes perhaps three times. But the work that
20 has been done to upgrade the offices currently in White
21 Flint I is certainly worth mentioning.

22 This is -- you know, having been to a number of
23 other government facilities in this town, these are nice
24 buildings and we are fortunate that we have good facilities.
25 And I think it's important for us to make sure that we

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1 maintain those and make sure that we have the first-class
2 facilities for our first-class workers.

3 CHAIRMAN MESERVE: Question? Karen?

4 MS. VALLOCH: Yes. In the rush to be more
5 efficient, we are losing quality. There's, also, a brain
6 drain, as people retire. How do you, the commissioners,
7 know that major programs, such as license extension, are
8 technically sound?

9 CHAIRMAN MESERVE: I think that there are aspects
10 of that question that we have addressed in response to the
11 previous issues. I mean, we do recognize the fact that
12 there has been a reduction in the size of the NRC staff over
13 the years and that we have a demography that presents a
14 challenge to us. And we have, within the constraints of the
15 limitations that are imposed on us, we are committed to
16 addressing those issues.

17 And as it's been appropriately mentioned, the
18 license renewals, extension of plants is an area where there
19 are expectations. As Commissioner Merrifield indicated, we
20 will continue to be able to process those license
21 applications, those requests in an expeditious fashion. And
22 that is going to pose a challenge to us, as the numbers,
23 which are in the queue, grow. That is something that we,
24 obviously, have to plan for and we're doing the best we can.
25 Sally?

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1 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might
2 add, I don't -- in the case of license renewal, we have, for
3 the first two applications, used the 585-day process that
4 was set up in advance for dealing with the Calvert Cliffs
5 and the Coney applications, and I think we're going to
6 continue to use the 585-day process for the staff work, to
7 get the SER and the final environmental impact statement
8 complete. And I think that that process was not a rush to
9 be efficient. I think it was well laid out, well staffed.
10 We had some of our best people working on it. We'll be able
11 to use contractors more in some of the later applications.

12 But, I think it was a reasonable time period,
13 chosen in advance, after a lot of consultation. The
14 Executive Counsel thought a lot about how that process was
15 going to work. The Commission thought a lot about how that
16 process was going to work. And I think -- I have not read
17 SERs and EISs throughout the history of the agency, but I
18 think that the SERs and EISs that a company does to renew
19 applications were high quality documents, in my personal
20 opinion. And I think the SERs, at least, are, also, looked
21 at by the Advisory Committee on Reactor Safeguards and they
22 concurred in the staff action and, to my knowledge, had no
23 problem with the SERs that the staff produced. So, I think
24 there are checks in the system and license renewal is
25 probably one of the areas where, because it is a growth

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1 area, because it is an opportunity for the staff, I think we
2 have some of our best people working in that area.

3 CHAIRMAN MESERVE: Sally

4 MS. ADAMS: What is the status of our NRC efforts
5 to reduce regulatory duplication with the EPA?

6 CHAIRMAN MESERVE: We have -- this is a question
7 that came up this morning. We have a conflict with EPA
8 that's really on the same issues, in two different context:
9 that we have differing views as the approach to the
10 decommissioning standards for license sites; and, secondly,
11 we have a dispute with them on the Yucca Mountain standards,
12 and it really is on the same substantive issues on each.
13 There is a disagreement between EPA and us on what the
14 appropriate dose limit is, where we, of course, have a 25
15 millirem three-year standard in our decommissioning rule and
16 propose that for Yucca Mountain; EPA has guidance, not a
17 rule, where they advocate 15 millirem, in a decommissioning
18 context, and, also, advocate that in the Yucca Mountain
19 context.

20 I think that, at least in the decommissioning
21 context, there is a possibility that we can reach some sort
22 of accommodation with each other and we are striving to do
23 that now. There have been interactions between staff with
24 EPA and I've had interactions with EPA, to see if we can
25 move that issue around.

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1 The more fundamental dispute is on the notion of
2 whether there should be a groundwater pathway and how it
3 should be, if there is one, how -- what limits it should be.
4 We have the viewpoint, with the support of the international
5 radiation community and the National Academy of Sciences,
6 that there should not be a separate standard for
7 groundwater. The groundwater issue is adequately
8 encompassed by the overall all pathways dose limit, which,
9 obviously, includes the groundwater pathway. EPA takes the
10 viewpoint, of course, that there should be a separate
11 standard and that groundwater is of greater significance
12 than a dose from another pathway and that, therefore, there
13 should be a separate standard for groundwater.

14 We have a dispute with EPA as to the level, and
15 that for beta and gamma emitters, EPA would advocate a four
16 millirem -- or would apply a four millirem rule, which was
17 originally promulgated under the Safe Drinking Water Act.
18 That's a standard, which all of you know is well within the
19 variability of natural background, which is about 300
20 millirem. So, it's an extraordinarily -- from the viewpoint
21 of other radiation exposures, an extraordinarily low limit
22 and that problem is compounded by the fact that EPA, in
23 assessing compliance, uses science from the 1960s and
24 guidance documents generated from the 1970s, which have
25 undergone significant revision, as new science has come in

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1 over the years. That means that in applying that standard,
2 EPA now would view some standards that are -- have
3 enormously wide variations in the risk associated with the
4 actual concentration limit they would impose.

5 So, we have very fundamental differences with EPA
6 on the groundwater standard. This is really unfortunately
7 is almost an issue of theology, at the moment, and I'm not
8 confident that it's our capacity to bridge that gulf. We
9 are making an effort. If we fail, this may be something
10 that the Congress will have to address.

11 Question?

12 SPEAKER: There was some Arthur Andersen
13 evaluations of the NRC in the not too distant past, in
14 regards to how we're doing business. In particular, I
15 remember a survey about a year ago, which I filled out and
16 sent in on administrative support services. I don't recall
17 seeing too much feedback, at least to the staff, on the
18 results of these. I was wondering how you felt these were,
19 as far as value to the NRC, and what were some of the more
20 important items that came out of these evaluations of our
21 functions.

22 CHAIRMAN MESERVE: I must apologize in responding
23 to that. That was an activity that was undertaken before I
24 arrived at the NRC and I cannot -- I'm not in a position to
25 be able to respond, because I am not aware of the details of
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1 that survey. Let me turn to some of my colleagues and see
2 if they're any more up to speed. I'm afraid that we may
3 have to respond to you offline on that. I apologize.

4 Karen, do you have a question?

5 MS. VALLOCH: Yes. This was a question that was
6 addressed this morning. It has come to our attention that
7 the evolving role of secretaries of the NRC is listed as a
8 topic to be discussed at a future ALMPC meeting. An article
9 on the same subject appeared in the Washington Post on May
10 11, 2000. In summary, the article stated that sweeping
11 changes in information technology have not only reduced the
12 government's need for secretaries and clerks, but, also,
13 changed the nature of their work. What information can you
14 provide on this subject and what do you see as the future of
15 secretaries at NRC?

16 CHAIRMAN MESERVE: Well, let me say that I think
17 it is apparent that information technology -- computers have
18 altered the nature of jobs that are in offices. I have
19 experience of working in a law firm here in Washington
20 before I came to the NRC and when I arrived at that law
21 firm, which wasn't all that long ago, there were a situation
22 where every lawyer had his own secretary and there was no
23 lawyer, who had a computer in his office.

24 As time has evolved and the office became more
25 computerized, just as the NRC has, and today, the ratio is
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1 three lawyers to a single secretary. This is -- lawyers
2 have been typically -- obviously are producing a lot of
3 paper that is filed and submitted and mailed under very
4 tight time constraints and this has changed what the lawyers
5 do, as well as the secretaries, in that typically, the
6 lawyers would spend -- instead of drafting things in long
7 hand or dictating into a machine, that quite frequently, the
8 common practice is that the lawyers would do the composition
9 on a PC. I'm sure that's the experience here, as well. So,
10 you have a situation, where it's clear that the information
11 technology world has radically altered, throughout
12 government and throughout the private sector, what the roles
13 and responsibilities are within an office environment, and
14 that's something that is a reality and that we all need to
15 confront.

16 I think it is important that we -- as we confront
17 the fact that our jobs are changing because of this, that we
18 provide adequate training and opportunities, so that people
19 find ways to find their -- make the ways for the people to
20 view their jobs as ones in which they can be increasingly
21 productive and which they have greater satisfaction. And we
22 have to harness technology and we should try to do it in a
23 way in which we can achieve that objective as best we can.
24 This is something that I know that the HR people are -- Pat
25 Norry and her staff are looking at the secretarial issues

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1 now.

2 MS. VALLOCH: Thank you.

3 COMMISSIONER MERRIFIELD: Mr. Chairman, I'll add,
4 as I did this morning, the secretaries that work for our
5 agency are valued and trusted members of our NRC family.
6 And, you know, we do have funds available and have in the
7 past made funds available to try to retrain people, if there
8 is an occasion where a job that they have is not -- changes.
9 And I think, certainly from my part, we need to do what we
10 can to make sure that we're not again having -- suffering
11 another brain drain in the loss of people, who clearly have
12 valuable things to contribute to this agency.

13 CHAIRMAN MESERVE: Other questions? Sally, do you
14 have one?

15 MS. ADAMS: Yes. As you are aware, with the
16 restructuring of the industry, staff is cut, budgets are
17 reduced; in other words, they're cutting corners like you
18 said earlier.

19 CHAIRMAN MESERVE: I'm sorry, can you speak up?

20 MS. ADAMS: Sure. As you are aware, with the
21 restructuring of the industry, staff is cut, budgets are
22 reduced; in other words, they are cutting corners like you
23 said earlier. Do you perceive any potential compromise in
24 safety?

25 CHAIRMAN MESERVE: Well, with the restructuring of
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1 the industry, there's obviously the possibility that -- as I
2 think I indicated in remarks -- my remarks that with the
3 price deregulation and all of the other changes, that there
4 are pressure that are obviously placed on our licensees. I
5 think that what we're seeing is that there is, obviously, a
6 consolidation that is going on. I think that -- I, at
7 least, am cautiously optimistic about that, in that it
8 provides the opportunity for entities that are assuming
9 greater control to bring their management expertise and
10 skills to bear to a wider variety of plants and companies
11 that have been interested in acquiring more nuclear plants
12 are basically companies that have particular skills in that
13 area. We do need to be worried about the fact that we don't
14 want to have management staff be stretched too thinly, so it
15 is a situation that we do need to watch.

16 I think there is a fortunate overlap between --
17 that we're seeing in the performance of the industry between
18 strong economic performance and good safety performance, in
19 that we've seen the sort of raw statistics -- going in
20 parallel; that as capacity factors have improved, there's,
21 also, been parallel performance improvements, in terms of
22 more limited numbers of scrams, in terms of lower worker
23 doses, lower environmental releases, a whole series of the
24 measures that we would have as to reactor performance. And
25 I think that reflects a recognition by the industry, a

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1 recognition that we need to reenforce, that strong safety
2 performance is the cornerstone for strong economic
3 performance; that these things have got to go hand-in-hand.
4 But, it is something that is a concern and it is something
5 that we do need to watch.

6 Karen?

7 MS. VALLOCH: How do you see the future of nuclear
8 power in the country?

9 CHAIRMAN MESERVE: Well, that's -- let me say
10 that, first of all, our job, as the Commission, is not to
11 make decisions, as to what power sources that we employ.
12 That's a decision that's made elsewhere. Our role and our
13 fundamental objective is to, obviously, assure that those
14 who use nuclear power do so in a way that provides
15 protection to the public health and safety.

16 That being said, I think that the environment for
17 nuclear has changed in this country. Three years ago, the
18 price deregulation pundits were saying that large numbers of
19 nuclear plants would decommission early and that this was
20 the end of nuclear power. We received information
21 informally that as many as 85 percent of the fleet, in fact,
22 will seek license renewal, rather than shutting down early.
23 In fact, the circumstances are one, in which there is strong
24 interest in maintaining these plants and even strong
25 interest in buying plants. We all see that the prices are

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1 going up. There are people competing to get into this
2 business and to acquire plants, as they become available.
3 So, the whole context, in which nuclear power is viewed in
4 the economy, I think, has changed over a rather short
5 period.

6 I think the key question -- and because of life
7 extension, to the extent that we are in a position to grant
8 life extension, then, obviously, that provides the capacity
9 for nuclear power to continue to be a strong contributor to
10 our energy supply in the years ahead. I think the
11 fundamental question, though, is one of will nuclear power
12 -- will new nuclear power plants be built in the United
13 States in the future and I think that is something that is
14 probably sometime yet to come. We all may have some
15 personal views on that, but the -- I think that today, with
16 the current economics, that if you have a natural gas supply
17 and given the high efficiency of combustion turbines, that
18 was the -- for the electricity generator, that's the most
19 efficient cost-effective way to produce electricity today.

20 That can change. That certainly will change, as
21 prices change, as fossil fuels become more rare. They're
22 environmental problems associated with fossil fuels. As
23 greenhouse gas issues become stronger, then I think that the
24 comparative advantages of nuclear will then become apparent.
25 So, it may be an opportunity that they may come, but it's

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1 not going to be our decision.

2 COMMISSIONER MERRIFIELD: I would add to that in
3 one respect. The long time debate about whether there will
4 be nuclear power plants revolved around some key issues that
5 the people were looking at -- the cost, that's a market
6 driven solution. One of the other issues that was focused
7 out there was the NRC, were we a hindrance to that process.
8 We, as a result of a lot of hard staff work, have certified
9 the three most modern nuclear power plant designs in the
10 world. They're on the shelf ready to go, where a licensee
11 to utilize one of those.

12 We, also, as a result of the hard work of the
13 staff to reengineer the way to do business around here, our
14 ability and demonstrated ability to conduct a thorough and
15 predictable licence renewal and license transfer process
16 demonstrates that the accusations that were leveled against
17 this agency, that we were overly bureaucratic, that we had
18 too much red tape, and that we were not appropriately able
19 to respond in a timely manner to licensee request, I think,
20 is a non-issue now. I think that negative attitude to which
21 this agency was painted sometime ago no longer exists. So,
22 it is a factoring decision about whether to build or not
23 build a nuclear power plant and I think we can -- I think we
24 can say we're not ultimately the factor that will make that
25 decision for a licensee down the road.

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1 CHAIRMAN MESERVE: Sally, do you have a question?

2 MS. ADAMS: Yes. Will offices have budgetary
3 resources restored, if ADAMS and STARFIRE savings are not
4 realized, or will offices have to bite the bullet and find
5 other efficiencies of operation?

6 CHAIRMAN MESERVE: Well, I'm actually a little
7 surprised that we've gone this far into the meeting without
8 there being a question about ADAMS. Let me -- as I think
9 all of you know and as I mentioned briefly in my remarks,
10 that we have solicited advice from throughout the NRC, as to
11 the problems that people are encountering with ADAMS. Those
12 -- all of that input is available to everyone, that is all
13 material that is -- all of you have the opportunity to see.

14 The CIO, with assistance from a team from all of
15 the affected parts of the agency, is reviewing those
16 materials and they are developing an action plan that is due
17 to the Commission on July 21, to address the various issues
18 that have been raised with regard to ADAMS, and I mean
19 address them in terms of not only specifying whether the --
20 what the picks would be for that particular problem, but,
21 also, when it will occur. So, we're going to develop a time
22 line for exactly when we could expect some of these issues
23 that people legitimately raised can be addressed and these
24 issues resolved.

25 I think it's premature, since we haven't gotten

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1 the action plan yet, to be able to predict when we'll have
2 all of these issues behind us, but it is something we do
3 take very seriously. And in this -- we're, of course, in
4 the process of examining the fiscal year 2002 budget now and
5 are conscious of the fact that some of the economies that
6 had been hoped to be achieved by ADAMS have yet to be
7 realized.

8 Karen, do you have a question?

9 MS. VALLOCH: Yes. Some of the staff members
10 think that NRC is a branch office of NEI, the Nuclear Energy
11 Institute. We are driven by the industry. What are your
12 thoughts?

13 CHAIRMAN MESERVE: Well, let me say that one of
14 the things that I think has been an extraordinarily
15 important activity for this agency is to be completely open
16 in the work we do; that we, as an agency, will be able to
17 improve the quality of our work. If we get substantial
18 input from those who are affected by it, it enables us to
19 understand the issues and to address them as best we can, as
20 we make our decisions. It is, of course, I think, apparent
21 that we, therefore, have to have extensive interaction with
22 our licensees, so we hear where there are problems, what
23 their suggestions are. That is not to say that we do what
24 they ask. It's our decision.

25 It is equally important that we be as open to

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1 other stakeholders; that our decisionmaking is being --
2 going to be improved, if we're open, not only to NEI, but,
3 also, open to others of opposing views and that we address
4 all of the issues that are raised from NEI or from any other
5 source on the merits and reach decisions that are ones that
6 reflect the appropriate obligation that all of us have to
7 provide adequate protection of health and safety. And I
8 know from the decisionmaking we've done since I've been here
9 and through my extensive interactions with my colleagues on
10 a wide number of issues, that there is no hesitation among
11 any of my colleagues from splitting ranks with NEI or with
12 any other stakeholder, if we find, in our own evaluation of
13 the situation, that we should take a different course. And
14 we are committed to doing the right thing and I think all of
15 us have been trying to do that and will continue to do so,
16 and I think that's equally true of all of the staff with
17 whom I have interacted.

18 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might
19 just -- I agree with everything you said and, you know, I
20 think the staff -- you know, we can only set an example at
21 the Commission. We -- listening to NEI, we sometimes agree
22 with NEI and sometimes we disagree with NEI and the
23 disagreements are in the public record -- the 120-month
24 update requirement, the effort to get the manual scram
25 indicator changed at the 11th hour and 59th minute, and the

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1 initial implementation of the new oversight process, etc.

2 As I said at the Reg Info conference, where I was
3 reacting to a similar remark, that we -- this notion of the
4 wholly owned subsidiary to NEI is a disservice to the
5 Commission, it's a disservice to the vast majority of the
6 staff here, I hope all of the staff. That we -- we are
7 trying to do the best we can. I -- when I came here, I was
8 better known to the Nuclear Control Institute than I was to
9 the NEI, and I did not know Joe Coldren or Ralph Beetle,
10 Attorney Patrangelo or any of those folks. If they've won
11 some arguments over the last few years, it's because they've
12 had better arguments than somebody from the public sector or
13 from the staff. I know I've disappointed the staff on a few
14 items, like the Shutdown Rule, where I felt -- I had my own
15 analysis as to why I thought that was wrong to promulgate.
16 But, we -- we're making the best choices that we can. We're
17 open to all points of view, individually, as commissioners,
18 and we hope, as the chairman said, that the staff is open to
19 all points of view and we will make the choices that we have
20 to make. So, the notion that NRC is a branch office of NEI
21 does a grave disservice to this agency.

22 COMMISSIONER MERRIFIELD: Mr. Chairman, yeah, I've
23 heard that question before and I take the same tone of both
24 you and Commissioner McGaffigan have taken. On the wall of
25 each one of the five of us is a piece of paper and that

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1 paper is our commission and it has a signature from the
2 Secretary of State and the President of the United States.
3 It does not have Joe Coldren's name on it. And for my
4 purposes, when I swore in, as my commissioners did, as
5 commissioners, chairman of this agency, was to protect
6 public health and safety, not to protect the bottom line of
7 NEI or its members, and that is certainly my attitude. In
8 no way whatsoever do I think we, as a commission, nor we, as
9 an agency, act in that regard.

10 CHAIRMAN MESERVE: Sally?

11 MS. ADAMS: Is the Commission interested in
12 studies of NRC staff and management error rates on plant
13 safety?

14 CHAIRMAN MESERVE: Error rates?

15 MS. ADAMS: Error rates.

16 CHAIRMAN MESERVE: I guess I'm a little puzzled by
17 the question. Let me say that I think that we are
18 interested in any information, I think, that is available to
19 us that affects any significant -- of our work. We are
20 constantly looking for ways, in which we can assure that
21 we're adequately doing our job. And if there's information
22 that someone has that affects how we, as an agency, are
23 doing our job, we're interested in it. We're certainly not
24 trying to contain such information.

25 Any questions from the floor?

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1 [No response.]

2 CHAIRMAN MESERVE: It appears that we may have
3 exhausted the supply of questions. I'd like to --

4 COMMISSIONER DIAZ: Well, Mr. Chairman, like I
5 said this morning, sometimes the sound of silence might be
6 more noticeable than noise, itself. And I made the remark
7 this morning, I want to do it again, that many times in the
8 past, the staff was concerned about how the Commission was
9 working together, because it impacts on the staff. I just
10 wanted to give you only good news, that this Commission is
11 working very well together; that collegiality is a part of
12 the way we do business; that accountability is here; and
13 that I, personally, and I hope my fellow commissioners are
14 very pleased with the way that we're working together. And
15 I believe that the staff, also, have felt that. And so,
16 just a comment.

17 COMMISSIONER MERRIFIELD: I agree with that
18 statement.

19 CHAIRMAN MESERVE: Thank you, very much. We'd
20 like to thank you all for joining us this afternoon. We
21 very much appreciate the questions. Thank you, very much.

22 [Applause.]

23 [Whereupon, at 2:27 p.m., the meeting was
24 concluded.]

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