



NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

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No. S-01-012

“The Lights are On and Someone’s at Home”

by

**The Honorable Greta Joy Dicus
Commissioner
U.S. Nuclear Regulatory Commission**

Region IV Resident Inspector Counterpart Meeting

May 22, 2001

INTRODUCTION

Good afternoon everyone.

It is wonderful to be back in Texas and I am delighted to be here with you today. Thank you, in advance, for making my trip to Region IV, Comanche Peak and Arkansas Nuclear productive and informative. And my thanks to each of you for the job you do to help ensure the safety of the commercial uses of nuclear material. As inspectors, you are our front-line eyes, ears and voice and your role is so vital.

I am also delighted that the Region IV Counterpart Meeting has gone international and am pleased that one of the Resident Inspectors from the Laguna Verde nuclear plant is able to attend. Welcome and I hope you find this experience valuable.

SEEING THE LIGHT

With gas prices estimated to hit \$3.00 a gallon in some states this summer, the threat of rolling blackouts and brownouts no longer just a threat, and Federal employees in California soon having to turn off their coffee pots, it is clear that for many we are in the midst of energy crisis. And for those Federal employees that enjoy their coffee hot, this could be a real energy emergency!!!

While almost all of us will feel the pinch at the gas pump, few of us will likely experience a rolling blackout - - at least not this year. Keeping the lights on the NRC is more figurative, than literal. In fact the light may continue to shine even more brightly on the NRC as the administration tries to layout a national energy strategy and as the industry considers options and economics for new plant construction. We may be central to a resurgence in commercial nuclear power. Not because we are advocates, but because we provide a stable and predicable process and the public remains confident that we are a strong and effective regulator.

We can deal with being in the spotlight. We have proven that we take criticism, learn , and improve our processes. However, we need to be ever mindful that the light that is shone on the NRC remains a spotlight and does not turn into a headlight. My point is that we must never compromise safety as we continue to demonstrate creativity, openness, resolve and resilience in meeting each and every new challenge.

I hope you will indulge me while I discuss with you some of the more significant challenges facing the NRC.

POTENTIAL NUCLEAR POWER RESURGENCE

We are at a very exciting time for nuclear power in the world and in the United States. The Administration has formed a task group chaired by Vice-President Cheney. There is strong Congressional interest in energy legislation, as reflected in several bills that are already pending. The early discussions suggest that nuclear power will be a strong component in the mix of technologies that are shaped into a national strategy.

In a recent speech, 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.

A resurgence in commercial nuclear power appears more and more a reality. Exelon is actively interested in emerging technology associated with the advanced Pebble Bed Modular Reactor and has made 10-15% investment in the project. They have begun preliminary discussions with the NRC on the process for licensing a new plant in the United States.

In response, the Director of the Office of Nuclear Reactor Regulation has established the Future Licensing Organization- - codeword FLO - -to prepare for an potential new application. The Office of Nuclear Regulatory Research has also made some organizational adjustments to support identification and resolution of technical issues and prepare for an effective transfer of technology.

Licensing of a new plant, whether under Part 50 or Part 52, will be a significant challenge to the NRC. Although the initial work is focused on application review and technology transfer, I believe that it is critically important to involve Regional personnel- - personnel with an inspection and enforcement background - - in the process as soon as possible. We need to make certain that licensing, inspection, and enforcement for any new plant are strongly linked.

HUMAN CAPITAL

But 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 is a key concern for the industry and the NRC.

Chairman Meserve gathered some staggering statistics. The ratio of NRC employees who are over 60 years of age to those under 30 is 6:1. The same ratio at NASA, for comparison, is 2:1. Moreover, seventeen percent of NRC's engineers are already eligible for retirement and another four percent of the current workforce of engineers will become eligible for retirement each year for the next few years. Twenty-five percent of the employees in the Office of Nuclear Regulatory Research and twenty percent of the employees in the Office of Nuclear Reactor Regulation are eligible for retirement today.

Despite our efforts to hire new engineers, we have experienced a net loss of engineers over the past five years. That loss is equivalent to roughly eight percent of our engineering workforce. The bottom line is that we are losing expertise and, along with it, valuable institutional knowledge.

Human capital in the nuclear area is also a key concern for Congress and the international community. For example, Senator Jeff Bingaman (D-N.M.) has introduced Senate Bill 242. His bill, known as the Department of Energy University Nuclear Science and Engineering Act, S.242, is designed to help stem the declining trend of college graduates in the nuclear science and engineering fields. We recently highlighted the importance of maintaining a highly skilled and talented workforce in recent correspondence and in agency Congressional testimony. And some recent correspondence from Congress to the agency indicates support for using maximum flexibility within existing law to attract and retain qualified people until appropriate reforms can be considered.

Should the resurgence of new nuclear power plant flourish, I think the Agency will be faced with at least two competing forces that will affect NRC resources. One force will be good for the agency and that would involve establishing new positions, reviewing cutting-edge technology, and increasing upward mobility. The other force would be from outside the agency resulting from government and industry competing, under different rules, for the same resources.

One thing is clear that we must be pro-active and aggressive in seeking out talent early, training them 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 hinges on maintaining a strong technical expertise.

I believe that the new Administration, the new Congress, and stakeholders will continue to encourage NRC to complete its mission in an effective and efficient manner. But it is unlikely we will face significant budgetary pressures to further "streamline" the agency. We are already lean, in many areas, struggling with human capital issues, and face possible increase in resources to meet the challenges of licensing a new plant.

INDUSTRY CONSOLIDATION

Some of you may know that an NRC Working Group was formed last year to help assess and report to the Commission the policy implications of industry consolidation and the need to consider policy changes to NRC oversight of industry activities. The staff has completed its initial assessment and it is currently before the Commission to provide guidance on how to proceed.

The nuclear power industry is changing. Whether it is through consolidation or acquisition, the number of companies operating nuclear facilities seems to be declining. Essentially, we have the same number of facilities with fewer licensees. Economics drives industry decisions. Our decision will be driven by our desire to maintain safety, improve our effectiveness and efficiency, reduce unnecessary burden, and improve public confidence. The Commission and the staff are taking reasonable and necessary steps to help determine if there are things we can do better or do differently as a result of industry consolidation.

A familiar question that seems to always surface in Regional-forums deals with whether we are considering consolidating Regions. Many of you may remember the experience the agency went through to consolidate Region IV and then Region V and some of you may be familiar with recent efforts to bring the Technical Training Center to Rockville, Maryland. There is a tremendous and longstanding impact to the agency when a decision is made to re-locate or consolidate a Region or facility. Sometimes it is not enough for the benefits to outweigh the costs, because no analysis can accurately capture the human impact or the political will. I assure you that the Commission is not currently considering the consolidation of Region offices. But given the major changes the industry continues to experience, we would be remiss if we precluded consideration of how our organization can better align and oversee the changing industry.

REACTOR OVERSIGHT PROGRAM

Last month marked our first anniversary of the implementation of the revised reactor oversight process. I must commend each of you for your support and contributions to the new process. Implementing the program at every site in Region IV and throughout the country could not have been accomplished without your hard work. Some of you may have had to suspend your disbelief as you moved from the old process to the new process. Thank you. Skepticism is healthy and for good inspectors, perhaps, it is essential. But, I hope by this point your questions, concerns, and doubts have been vested in the process, funneled into constructive feedback, and focused on how we can continue to improve the process.

Less than two weeks ago, on May 10th, the Reactor Oversight Process Initial Implementation Evaluation Panel completed its final report. Region IV, I understand, was well represented on the panel by Ken Brockman and Jim Moorman. The panel identified three changes in regulatory philosophy that caused, some continuing tensions. These changes were 1) maintaining safety rather than improving safety, 2) applying risk-informed regulation rather than deterministic regulation, and 3) using indicative measures of performance rather than predictive measures of performance.

The panel also concluded that the reactor oversight process is a notable improvement over the previous licensee performance assessment program and should be continued. No more SALP!!! The panel also concluded that the process provides a more objective, risk-informed, predictable, and understandable approach to the oversight of commercial nuclear reactor facilities. As we get into the

question and answer portion, I would be interested to hear your views, concerns, and questions on the revised reactor oversight process.

The NRC report also concludes that the new process is good but it can get better. The panel offers about a page and a half of “high priority” recommendations to improve and ensure continued success of the reactor oversight program. The recommendations appear reasonable. The Commission is scheduled to meet with the staff in July to discuss improvements in the reactor oversight process. I know I will be interested in discussing details for continuing to improve the process.

We still have work left to integrate oversight of some areas into the reactor oversight program. Physical protection, fire protection, and radiation protection -- ALARA -- are areas where additional dialogue is needed. I believe that the groundwork and infrastructure are in-place and concur in the panels recommendations to continue to improve outreach -- both to internal and external stakeholders.

CONCLUSION

So I hope you can see that the NRC and nuclear industry are at an exciting time. Excitement brings new challenges. A potential resurgence in the nuclear-industry may make the labor market tight and is causing us to look at how we conduct business. NRC, the Congress and the international community are deeply concerned about the loss of experience and expertise as our workforce ages and retires and are taking steps to pro-actively address the issue.

I am confident that we will meet the challenges ahead of us. Our workforce is ever changing in response to a changing environment. It will take smart management with foresight and a workforce that is technically agile to deal with the challenges of the future. But we should never lose sight of the vital job that each of you do, here, in the present. We demand that you be our front-line representatives and the primary interface with our licensees. And by all counts you do that job exceeding well, in some cases, despite of the ever changing environment. The reactor oversight process is a success because of each of you. The lights are on and you are home.

Again, thank you and I would be pleased to answer any questions.