

# **Official Transcript of Proceedings**

## **NUCLEAR REGULATORY COMMISSION**

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4 ALL EMPLOYEES MEETING

5 || A.M. SESSION

6 || + + + + +

7 WEDNESDAY,

8 JUNE 6

10 || ROCKVILLE, MARYLAND

11 | + + + + +

The All Employees Meeting was held on the NRC Green at 11455 Rockville Pike, Rockville, Maryland, at 10:30 a.m., Richard A. Meserve, Chairman, presiding.

## PRESENT:

17 RICHARD A MESERVE Chairman

18 NILS J. DIAZ Commissioner

19 GRETA JOY DICUS Commissioner

EDWARD McGAFFIGAN, JR. Commissioner

21 JEFFREY S. MERRIFIELD Commissioner

1 P-R-O-C-E-D-I-N-G-S

2 (10:33 a.m.)

3 MS. NORRY: Good morning. Good. If  
4 anyone is in fact standing in the back for some reason  
5 other than that's what they want to do, there's plenty  
6 of seats down front.

7 I'd like to welcome you to this 10th  
8 annual meeting between commissioners and the staff of  
9 NRC. We will, as you know, have another session this  
10 afternoon. The raining is holding off for the moment,  
11 and we've tried to cover up all the holes where the  
12 rain could come through. But I'm sure you'll let us  
13 know if that doesn't work.

14 We have some questions that were turned in  
15 in advance, and those will get asked. We also  
16 encourage you to write down your questions, and there  
17 will be a number of people wandering through the  
18 aisles ready to take your questions and give them to  
19 the people who will be reading them.

20 Our two volunteer readers today are  
21 Cordelia Maupin, from the Office of State and Tribal  
22 Programs, and Richard Baum, from the Office of the  
23 Chief Financial Officer.

24 As usual, we would prefer that the  
25 questions not be related to specific personnel

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1 policies, specific working conditions, those kinds of  
2 things. We will be glad to answer any such questions,  
3 but we'd rather that they not be asked in the context  
4 of this meeting.

5 I'd like to acknowledge the presence of  
6 the officers and members of the National Treasury  
7 Employees Union over here to my left. And with that,  
8 I will turn the meeting over to Chairman Meserve.

9 CHAIRMAN MESERVE: Thank you, Pat. Good  
10 morning, and welcome to our annual All Employees  
11 Meeting. Although I have only been Chairman for about  
12 18 months, I have started to notice certain rhythms of  
13 life here at the NRC. For example, every six months  
14 there are meetings with the ACRS and similar periodic  
15 meetings with staff on threat assessment. There comes  
16 a time of year when we can expect to hear about the  
17 budget and about the overall performance of our  
18 reactor licensees.

19 Perhaps it is a sign of age, but I am  
20 beginning to notice that these events, like the  
21 seasons, seem to occur with alarming rapidity. And  
22 just as the blooming of forsythia is an early sign  
23 that spring is on the way, there are similar signals  
24 that this meeting is pending. I can see the outward

1 signs whenever Ms. Norry wants to talk to me about  
2 tents.

3 (Laughter.)

4 So we meet again under the canvass.  
5 Joining me on the platform today are my colleagues  
6 Greta Dicus, Nils Diaz, Edward McGaffigan, and Jeffrey  
7 Merrifield. We are pleased to meet with you and to  
8 have this chance to interact with you. Following my  
9 opening remarks, they will join me in responding to  
10 your questions. As always, we are very grateful for  
11 your support, and I am particularly grateful for the  
12 support of my colleagues.

13 Let me also welcome the NRC staff and the  
14 regions at various remote locations and in  
15 Chattanooga, all of whom are participating by  
16 telephone. Despite your physical distance from us,  
17 you are an integral part of this meeting, as you are  
18 indeed an integral part of the NRC. And we look  
19 forward to your active participation. The only  
20 difference between you and the headquarters staff, in  
21 the Commission's eyes, is that you can sit back and  
22 put your feet up during this session in full  
23 confidence that we will never know. Your headquarters  
24 colleagues, by contrast, are here in most

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1                   uncomfortable looking seats. Occasionally, distance  
2                   has its merits.

3                   This All Employees Meeting is a continuing  
4                   experiment in internal communications. As I will  
5                   discuss in a moment, I am firmly of the view that we  
6                   will not be successful in assuring public confidence  
7                   unless we maintain open decisionmaking and encourage  
8                   full participation in our processes. An essential  
9                   ingredient in achieving public confidence is good  
10                  communications.

11                  I think it follows that the NRC cannot  
12                  expect to be successful in communicating outside the  
13                  Agency if we are unable to communicate well within the  
14                  NRC. In that connection, I should note that the class  
15                  that just graduated from our SES Candidate Development  
16                  Program produced a study on internal communication  
17                  that I would encourage all of you to read. Its  
18                  recommendations on improving communications within the  
19                  NRC have broad application throughout the Agency, and  
20                  I have encouraged senior Management to give the report  
21                  serious attention.

22                  The message of the report applies to our  
23                  meeting today as well. The purpose of this All  
24                  Employees Meeting is to facilitate a candid exchange  
25                  on issues of importance to our Agency. We welcome

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1           your questions and comments, and we are prepared to  
2           answer any questions you have except for those limited  
3           subject areas that Ms. Norry described in her opening  
4           comments.

5                 In order to enable us to move quickly to  
6           your questions, I'll keep my remarks brief. It is  
7           customary in these sessions to speak of our changing  
8           internal and external environment and the impact that  
9           these changes will have on the NRC and its regulatory  
10          programs. I will not disappoint you this year.  
11          Indeed, I think we are in a period of change that is  
12          perhaps more profound than any in the NRC's history.

13               The most striking feature of the new  
14          external environment is a complete reversal of the  
15          claims of just a few years ago concerning the early  
16          demise of nuclear power. In striking contrast to  
17          these predictions, we are seeing interest in nuclear  
18          energy as an important and enduring contributor to  
19          energy supply. Nuclear power is now viewed as an  
20          economical, reliable, and environmentally benign  
21          source of energy by a growing percentage of the  
22          general public. A recent poll in California, for  
23          example, indicated nuclear power has become far more  
24          acceptable today than it was just a few years ago.

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1                   At the same time, the nuclear industry,  
2 for the first time in 25 years, is seriously  
3 considering the possibility of applications for new  
4 construction. And as all of you know, the industry is  
5 pursuing in earnest applications for license renewal  
6 and for power upgrades.

7                   Why this sudden change in the perception  
8 of nuclear power? The most obvious underlying causes  
9 are escalating energy prices and the growing national  
10 concern about the shortfall in generation  
11 capabilities. In this context, the steadily improving  
12 performance of the nuclear industry over more than a  
13 decade is good and timely news. The average capacity  
14 factors for nuclear plants in the U.S. have increased  
15 from 65 percent in the early '90s to nearly 90 percent  
16 today. The production costs for nuclear power are now  
17 less than coal, natural gas or renewables -- important  
18 news at a time when the price of energy is increasing  
19 and is highly volatile.

20                  Our licensees have achieved this  
21 remarkable gain by improved maintenance and training,  
22 a consequence that advances in economic performance  
23 have been accompanied by parallel gains in safety  
24 performance. Fortunately, good economic performance  
25 and good safety performance appear to go hand in hand.

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1                   Although the NRC does not have a  
2 promotional role in nuclear power, I believe that the  
3 NRC has played its part in this nuclear renaissance.  
4 Our attention to detail and our vigilance in assuring  
5 that our licensees provide priority attention to  
6 safety issues have established a climate of safety  
7 that has enabled public confidence in nuclear power to  
8 grow. Our success in providing timely decisions,  
9 particularly in the license renewal context, has  
10 encouraged the business world. And our efforts to  
11 provide clear and objective guidance for the oversight  
12 process and in our license renewal has created a  
13 climate of predictability that has been valuable to  
14 both our licensees and our other stakeholders.

15                  The success of the NRC in being a tough  
16 but fair and efficient regulator is, in my view, an  
17 important factor in creating the conditions in which  
18 nuclear power could be evaluated as a valued component  
19 of our energy mix. This success would not be possible  
20 without the efforts of a highly qualified and  
21 committed staff. You should feel proud of this  
22 success.

23                  The same remarkable changes that are  
24 sweeping our reactor activities are engulfing other  
25 areas of NRC activity. We're getting ever closer to

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1           the time when a decision will need to be made on a  
2       high level waste repository, which opens the  
3       possibility of a very high visibility role for the NRC  
4       in connection with the potential repository at Yucca  
5       Mountain. Our research programs are receiving  
6       increased scrutiny as the result of thoughtful reports  
7       submitted by a panel led by former Commissioner Rogers  
8       and by the Advisory Committee on Reactor Safeguards.  
9       We are in the process of improving our safeguards  
10      programs as part of a broader interest in enhancing  
11      counter terrorism programs throughout the government.  
12      And we will need to address major management  
13      challenges posed by Congress and the NRC's Inspector  
14      General. I am confident that we will be able to meet  
15      these other challenges as they arise.

16           In short, these are exciting times  
17      throughout the Agency. Paradoxically, our success in  
18      establishing a climate for change has presented us  
19      with the risks that arise from uncertainty. Although  
20      a new national energy policy has been announced, it is  
21      far from reaching final form. Congress has yet to  
22      address the proposals, and the outcome of  
23      congressional review is less certain today than it was  
24      just a few weeks ago. Moreover, although we must plan  
25      our budget based on certain assumptions, we are far

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1           from certain of the nature and timing of any dramatic  
2           new initiatives, such as new construction, that our  
3           licensees may seek to launch. And at a time of scarce  
4           federal dollars, we cannot be certain of the response  
5           in the Congress to our budget requests.

6           In short, although we can anticipate  
7           continuing change, the implications for the Agency  
8           remain undefined in important respects. Nonetheless,  
9           although change will affect us all, there are some  
10          things that must remain constant. First and most  
11          important, our abiding highest priority must remain  
12          the protection of the public health and safety. The  
13          public support for nuclear power is fragile. If we  
14          and our licensees fail in discharging our safety  
15          obligation, the renaissance in nuclear power will be  
16          very short lived. Because even in the face of  
17          uncertainty and change, our commitment to public  
18          health and safety cannot and shall not waiver.

19           Second, we must continue to strengthen  
20          public confidence in the NRC. We must both be and be  
21          seen as an objective and independent regulator. We  
22          need to ensure that this perception of the NRC is  
23          recognized not only by Congress, the national media,  
24          and public interest groups but also by local  
25          jurisdictions and the people living in the vicinity of

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1           NRC licensed facilities. To do this, we must attain  
2           clarity in our message and maintain openness in our  
3           decisionmaking processes. We must be prepared to  
4           address concerns regardless of their source.

5                 In this connection, it is important to  
6           remember that NRC decisions extend beyond technical  
7           assessments to include social judgments and the  
8           acceptability of risk and the balance of costs and  
9           benefits. Because these are matters in which the  
10          public has a stake, we must listen to and consider  
11          stakeholder concerns about risk. I firmly believe  
12          that if we fail in this area, we will be unlikely to  
13          accomplish our mission.

14               Finally, we must all strive to improve NRC  
15          capabilities. When I came to the NRC, I arrived with  
16          an awareness of the skill and dedication of the NRC  
17          staff. My views on this point have been strengthened  
18          by my continued and extended exposure to the staff  
19          over the past 18 months. Our staff remains our most  
20          precious resource. And when I refer to the NRC staff,  
21          I'm referring to all of you -- technical, legal, and  
22          administrative personnel. All of you play a crucial  
23          to play -- have a crucial role to play in protecting  
24          the public health and safety.

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1                   I am concerned, however, about the future.  
2                   The Commission recognizes that we must take steps to  
3                   ensure that the Agency retains its core skills and  
4                   abilities in the years to come. We have directed the  
5                   staff to undertake a systematic study to identify  
6                   existing skills, to assess those that we must bring to  
7                   bear tomorrow, and to develop strategy to fill any  
8                   gaps. As part of this effort, the NRC has begun to  
9                   expand its recruitment and training programs, obtained  
10                  OMB approval to waive dual compensation limits so that  
11                  retired employees can be hired to fill critical skills  
12                  in certain circumstances, planned the restoration of  
13                  the NRC Graduate and Senior Fellowship Programs, and  
14                  started other steps to retain and enhance our critical  
15                  skill needs. We recognize the need to invest so as to  
16                  ensure that the capabilities on which the Agency  
17                  depends are available in the future.

18                  Whatever the future may hold, the  
19                  Commission is confident in the NRC staff's  
20                  professionalism and dedication as we adjust to  
21                  changing circumstances. On behalf of the Commission,  
22                  I would like to thank you for your efforts and to  
23                  state that we look forward to our continuing  
24                  partnership in meeting the challenges ahead. Thank  
25                  you.

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1 (Applause.)

2 Let me now turn to my colleagues and see  
3 if they would like to make any opening remarks.

4 COMMISSIONER DICUS: No, thank you.

5 COMMISSIONER DIAZ: No, thank you.

6 COMMISSIONER MERRIFIELD: Mr. Chairman, I  
7 would like to make just a brief personal underscore to  
8 some of the comments that you've made and support  
9 those. The first one is that we have obviously been  
10 reading a lot of reviews in the papers and seen a lot  
11 of the talk on Capitol Hill about many of the views of  
12 our Agency -- rising expectations about the  
13 possibility for new plant orders and many other  
14 activities underway, calls by some in Congress that we  
15 be provided additional monies for some of the  
16 activities that may come before us.

17 As a former staff member in the Senate, I  
18 just want put some urge of caution on the part of our  
19 staff. There are a lot of things that get introduced  
20 in Congress that do not bear fruition. So I think we  
21 need to all be very careful about looking at those  
22 newspaper articles and reviews and maintain our focus  
23 on the safety of our existing plants and our existing  
24 material licensees. We're doing the right thing. The

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1 staff is doing an exceedingly good job in that  
2 respect, and I wanted to underscore that.

3                   The second thing I would say is that the  
4 Commission as a whole, and by that I mean the  
5 Commission and its staff, has gotten very good reviews  
6 from Congress. The hearings that we've had recently  
7 were very supportive of a lot of the work that we have  
8 done here over the last few years. That work  
9 frequently gets focused on the Commission, itself, on  
10 the Chairman and other individual members of the  
11 Commission. From my standpoint, the fact of the  
12 matter is that the success that we have achieved is as  
13 a result of the hard work by each and every member of  
14 the staff, whether at headquarters, in the regions or  
15 in the field. And so from my perspective, I  
16 appreciate and thank all the staff for their hard work  
17 and for making the five of us look good. Thank you,  
18 Mr. Chairman.

19                   CHAIRMAN MESERVE: Thank you. Now, I'd  
20 like to turn this meeting over to you. Anyone seeking  
21 to ask a question should feel free to use one of the  
22 microphones so that everyone can hear the question.  
23 I know that there were some cards that were being  
24 given out as well that will be read to us, if that's  
25 the preferred way to ask the question. I also should

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1 say that I want to ensure that employees at our remote  
2 sites have an ample opportunity to participate. So  
3 we'll try to take about one out of every three or four  
4 questions from the remote sites.

5 May I have the first question? Please  
6 step to the microphone. There are some written  
7 questions -- oh, here's a brave soul.

8 PARTICIPANT: Good morning. Someone has  
9 to be first, right. I would just like to ask a quick  
10 question regarding some activities which keep coming  
11 and going on external regulation of DOE and other  
12 government agencies by the NRC, if you could, please.  
13 What are your thoughts on it and so forth?

14 CHAIRMAN MESERVE: Yes. We have -- let me  
15 say that there was enormous interest in this several  
16 years ago. DOE was in the depths of a period in which  
17 there was a lack of confidence over the years in DOE  
18 decisionmaking. In a period when Hazel O'Leary was  
19 the Secretary of Energy, there was -- it was DOE  
20 policy to advance the notion that the NRC might assume  
21 a regulatory role. Secretary Pena had a more lukewarm  
22 reaction to that idea, and Secretary Richardson, who  
23 succeeded Secretary Pena, was definitely against the  
24 proposal. It remains to be seen what the views of  
25 Secretary Abraham will be on this issue, so we don't

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1 have -- there's been no occasion, I believe, as yet  
2 for him to have to express his vies on this matter.

3                   There has been some congressional  
4 interest, nonetheless, in pursuing the matter. There  
5 was testimony last year before a House committee,  
6 before Congressman Barton's subcommittee, the House  
7 Commerce Committee, in which we were asked whether the  
8 Commission could undertake the job, and we indicated  
9 that we did have the skills to undertake the job. And  
10 we were asked how we would go about doing it, and the  
11 Commission testimony was along the lines that we would  
12 suggest if we were to go forward, it should be in  
13 incremental fashion because of the problems that would  
14 be associated of assuming control of the entirety of  
15 DOE facilities at one time. And it was suggested it  
16 might proceed, if it were to go forward, with some of  
17 the science facilities first and ending many years  
18 later with the weapons facilities.

19                   There appears to be some continuing  
20 interest in that committee on pursuing this issue, but  
21 it seems to be a low level interest at the moment.  
22 But this is something that's still in the air, and  
23 it's possible that there will be some activity that  
24 relates to our regulation of DOE in the future.

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10 So the reason you don't hear much about it  
11 is that the if Secretary of Energy isn't firmly behind  
12 it, as Hazel O'Leary briefly was, and the if President  
13 isn't firmly behind it and all that, it just isn't  
14 going to happen. And even then I'm not sure it would  
15 happen, given the historical views of the committees  
16 in the Congress.

17 CHAIRMAN MESERVE: Other questions? Ah,  
18 the rain has arrived. We'll test whether Ms. Norry  
19 was successful in doing all the patching that she was  
20 claiming credit for.

21 I believe we did have some written  
22 questions that were submitted. And, Richard or  
23 Cordelia, do you have a question?

24 MR. BAUM: Yes, I have a question from  
25 headquarters. Question reads as follows: The

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1 crosswalk between One White Flint North and Metro  
2 Station has been causing traffic backup into Rockville  
3 Pike, and I understand that someone has been recently  
4 killed there. Can anything be done to reduce the  
5 congestion or improve safety?

6 CHAIRMAN MESERVE: You are correct that  
7 there was a death. Recently, somebody in the evening  
8 was crossing that crosswalk and was not seen by a  
9 Metro bus. This was not an NRC employee; this was  
10 someone using the Metro station. We have been --  
11 staff has been in contact with Montgomery County that  
12 has responsibility for that crosswalk to ask that the  
13 issue be addressed. One of the possibilities, for  
14 example, would be to improve probably the signaling on  
15 that crosswalk. But this is an issue that is one that  
16 has been raised with the County.

19 MS. MAUPIN: Yes, sir. Mr. Chairman, the  
20 Nuclear Energy Institute recently provided  
21 congressional testimony that indicated that the role  
22 and staffing of regional offices should be reexamined,  
23 and that resources could be saved that might be used  
24 for reactor license renewals or new reactor licensing.  
25 Do you have a comment on this?

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1 CHAIRMAN MESERVE: You are correct that  
2 there was testimony that was submitted by the Nuclear  
3 Energy Institute that did, among other things in the  
4 testimony, suggest that efficiencies could arise from  
5 eliminating regional offices. That was not something  
6 that was emphasized in the oral part of the testimony,  
7 and there have been no congressional comments or  
8 questions about that as of yet. There is no  
9 evaluation of that issue that is underway by the  
10 Commission at this time. It is a suggestion that the  
11 NEI has made; it is not something that we are  
12 evaluating.

13 Rick, do you have a question? Just a  
14 minute, there's a gentleman at the microphone.

21 CHAIRMAN MESERVE: Well, as I indicated in  
22 my comments, and I think as all of you have been  
23 reading, there has -- within the last few months,  
24 there have been people talking publicly about the  
25 possibility that there will be applications for new

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1           nuclear power plants that will be filed with us. To  
2           my knowledge, there is no decision that has yet been  
3           made by an applicant that they will in fact file such  
4           an application. It's a matter, I think, however, that  
5           is under serious consideration.

6                         There is a question of the timing of such  
7           a filing. Exelon, which has been perhaps the most  
8           public in expressing its views has discussed the  
9           Pebble Bed Modular Reactor and has talked about the  
10           possibility that they might file an application for a  
11           combined license at the end of 2002 or perhaps as  
12           early 2003. There were a lot of steps that would have  
13           to occur before that would happen.

14                       We, obviously, when and if we were to get  
15           such an application, would not grant it unless we were  
16           satisfied that the public health and safety is being  
17           adequately protected. And in preparation for the  
18           possibility that there might be such an application  
19           filed, there is work that is underway on the staff to  
20           build up an awareness of the staff resources that we  
21           would have to be able to marshall to be able to deal  
22           with such an application, that there are organizations  
23           that have been created within both NRR and Research to  
24           be able to identify the staffing needs that we would

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have to assemble, the skill sets that would have to be available to do the work.

As an early priority, we're looking at any regulatory issues that might arise. That would be a particular challenge for us if an early application were to be with a novel technology, like the Pebble Bed technology. Because our recent experience has obviously been focused on light water reactors. So if this were to happen, we have many challenges that we'd have to confront, and we're in the period now where we're trying to get our arms around exactly what those challenges are and how we might address them.

23 I think there's some belief in NEI that  
24 they need to work with us, in terms of fully  
25 understanding that portion of Part 52. I know the

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1 staff is actively engaged in those kind of discussions  
2 with NEI on an ongoing manner. It's more likely I  
3 think we'll see those early site permitting issues  
4 evolve well before we would see a plant order coming  
5 through.

6 CHAIRMAN MESERVE: Rick?

7 MR. BAUM: This is a headquarters  
8 question. Now that restack has finished in One White  
9 Flint North, are there plans to restack Two White  
10 Flint North?

11 CHAIRMAN MESERVE: Let me say that the  
12 challenges that are presented to the Commission with  
13 regard to One White Flint North had to do with the  
14 fact that the quality of the environment, the finishes  
15 of the environment had deteriorated, and there were  
16 problems with the way the space was configured in  
17 order to optimize work. And so there was a need for  
18 a very aggressive effort in One White Flint to, as you  
19 all of you know better than I -- it's disruptive to  
20 all of your lives more than mine -- that there was a  
21 need to move people about in order to enable,  
22 basically, a reconstruction of One White Flint.

23 There is a program that will be undertaken  
24 in Two White Flint to deal with the general  
25 deterioration of the environment, but the perception

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1       is that we don't have the space allocation problems  
2       there, so it will be, basically, a restoration of  
3       finishes that will take place in Two White Flint  
4       rather than the more aggressive restructuring that was  
5       done in One White Flint.

6                   Cordelia, do you have a question?

7                   MS. MAUPIN: Yes. This is a question from  
8       the regions. Mr. Chairman, I've heard recently about  
9       a serious medical event involving radioactive  
10      materials in Panama that resulted in a number of  
11      deaths. Can you comment on this and what role the NRC  
12      is playing in the response to the event?

13                  CHAIRMAN MESERVE: You are correct. There  
14      was what appears to be -- and let me say that my  
15      knowledge of this is fragmentary -- there appears to  
16      have been a facility in Panama that used the Cobalt 60  
17      Source for medical therapeutic purposes. And that  
18      there was a computer program that was used to  
19      calculate the usage of that machine. And because of  
20      a software problem associated with that system, there  
21      were apparently a fairly substantial number of people  
22      who had large overdoses. There are a number of people  
23      who have died after that radiation therapy, and my  
24      understanding is that the attribution of several of

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1       them, but perhaps not all, was as a result of the  
2       overdose event that occurred.

3                  The IEA responded to the situation by  
4       sending a multinational team to deal with the  
5       situation. There was an American who was on the team.  
6       He's Dr. Fred Metler, who may be known to many of you  
7       in the health physics area, who's at the University of  
8       Mexico radiologist and is a member of the ICRP and is  
9       the head of the U.S. delegation to UNSKR. He  
10      participated in this team and has gone down and  
11      evaluated the situation in Panama, and my  
12      understanding is that there will be a report that will  
13      be forthcoming as a result of that visit, although I'm  
14      not sure that it is yet publicly available.

15                 It turns out that the instrument that was  
16       used, and particularly this software program, did  
17       arise from a U.S. company. It is one that is  
18       regulated not by the NRC but the FDA. And our staff  
19       have been working with the FDA and have been in  
20       communications with the company to try to assess the  
21       circumstances. The obvious concern is that this is  
22       maybe software that is in wider use, including in the  
23       U.S. So that this is an issue that there is intensive  
24       regulatory scrutiny. At the moment, our role is that

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1       of support to the FDA, since this would be a FDA-  
2       regulated instrument.

3                   COMMISSIONER DICUS: This morning, I was  
4       handed some information about that situation in  
5       Panama. I want to stress that this information is not  
6       confirmed. I understand it did come from perhaps the  
7       IEA team that is there, but it's very preliminary, so  
8       I need to stress that point. There could be some  
9       errors in the information.

10                  But it may be -- and I want to stress may  
11       be -- that the software, the system, was controlling  
12       the exposures. They might have intentionally  
13       increased the exposures perhaps more than they thought  
14       they were doing in order to try to perhaps, as it was  
15       said in the information I was handed, to get better  
16       results. But I want to stress again that that  
17       information is extremely preliminary, and it hasn't  
18       been -- I haven't gotten a second source of  
19       information on that to confirm it.

20                  CHAIRMAN MESERVE: Rick?

21                  MR. BAUM: This is a headquarters  
22       question. When will NRC employees be able to  
23       participate in automatic payroll deduction of One  
24       Series Savings Bonds?

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1                   CHAIRMAN MESERVE: It's my understanding  
2 on this issue that we do not have a system that allows  
3 an automatic deduction for the purchase of savings  
4 bonds as a current part of our payroll system, and  
5 this is a limitation of the current computerized  
6 system that is currently cutting our checks or doing  
7 the deposits and so forth for the payroll.

8                   There is a new system, as you know, that  
9 will be -- which has been undergoing extensive  
10 testing. It's the Starfire System. And,  
11 unfortunately, in its initial implementation, it  
12 similarly will not allow a deduction for purchase of  
13 savings bonds. But it's my understanding that an  
14 upgrade that is planned, that is something that's in  
15 the process, will allow this. So this is an option  
16 that, for technical reasons, we apparently don't have  
17 the opportunity to provide today, but we would hope to  
18 have the opportunity to provide with the new payroll  
19 system.

20                  Rick, do you have another question?

21                  MR. BAUM: I have another question from  
22 headquarters. Recently, throughout the NRC a lot of  
23 attention has been given to the topic of empowerment.  
24 In general, there appears to be a wide range of  
25 definitions of empowerment. How do the Commissioners

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1 define empowerment, and what is their vision with  
2 regard to implementation at NRC?

3 CHAIRMAN MESERVE: Well, this is an issue  
4 I'm sure all of my colleagues will want to comment on.  
5 And let me give just a personal perspective on that  
6 issue. We see, and I think that all of my colleagues  
7 in the Commission see, that every member of the NRC  
8 should understand and should in fact have a stake in  
9 the fulfillment of our Agency mission, that your jobs  
10 are important.

11 And we would like to make -- we would like  
12 to have a system that encourages people to have that  
13 motivation, have that recognition as part of the  
14 process. And this means that not only in the  
15 fulfillment of the narrow bounds of your tasks but in  
16 looking how we could improve our processes or fulfill  
17 our obligations in an improved way that all of our  
18 staff would have that commitment and be prepared to  
19 make recommendations and make suggestions as to how we  
20 can improve the way we do our work. And it has to  
21 have a counterpart awareness by Management to  
22 encourage that environment, encourage a situation  
23 where everyone has that commitment, where that  
24 commitment is encouraged, is recognized, and where

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1       opportunities that arise to do our work better are  
2       ones that we seize and take advantage of.

3                     COMMISSIONER DICUS: In addition, and to  
4       agreeing with what the Chairman has just discussed, I  
5       would go on to say, from my perspective, I know that  
6       the Commission, I think each one of us, has a great  
7       interest in being able to proceed with empowerment.  
8       From my view, what it means is that perhaps where we  
9       can possibly do it, we can perhaps reduce the number  
10      of levels that an issue has to go through to come to  
11      decision.

12                  Sometimes when I look at the concurrent  
13      sheet, it's two lines and little boxes filling up all  
14      those lines. Perhaps if there's a point that some of  
15      those can be eliminated, to me that's part of  
16      empowerment. It increases our efficiency and the time  
17      that it takes us to get to decision. And, clearly,  
18      there always has to be lines of authority. It doesn't  
19      necessarily mean that we have a flatline; that's not  
20      going to happen. But we can get to the point where we  
21      can reduce, where possible, the number of levels of  
22      concurrence that are necessary to go through. Then we  
23      increase our efficiency and therefore our  
24      effectiveness in what we do.

I know that the senior Management of the Agency, both here and headquarters, together with our regional offices, believes in the concept, and there are activities going on with regards to training to understanding what empowerment is to move forward with the concept. We're not there yet. It may take a while to be there. We're learning on this, but we do have a commitment to it.

15 (Laughter.)

16 CHAIRMAN MESERVE: Why is that, Nils?

17 (Laughter.)

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1           in a flat organization. The State Department is a  
2           hierarchical organization like our own. It's just  
3           that I happened to work for an Under Secretary, which  
4           is a good place to work.

5                         The Senate is a very flat organization.  
6           I think we have to figure out how to empower people to  
7           make the decisions that they can make within the  
8           current policy, empower them to figure out what  
9           changes in policy are needed. And there has to be a  
10           -- individuals have to take responsibility. When they  
11           see something that needs to be changed to try to bring  
12           that to us and to, as I think Commissioner Dicus said,  
13           without 45 concurrences and all that. I think  
14           everybody needs to know what's going on.

15                         And one of the problems we have recently,  
16           it was called to my attention, one of the offices --  
17           the stovepiping that goes on -- one part of the office  
18           not knowing what another part of the office is saying.  
19           We tend to -- all the stovepipes end up at us if it's  
20           an important enough issue, and we'll sometimes see  
21           connections that should have been obvious down at the  
22           office level that only occur because we're the only  
23           people reading both pieces of paper.

24                         But empowerment, to me, means to be able  
25           to feel connected to us and to the EDO and the Deputy

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1 EDOs. And if we're not achieving that, then there's  
2 more work to be done, and I know there is more work to  
3 be done.

4 COMMISSIONER MERRIFIELD: Yes, I would  
5 agree with the comments made. I think the issue of  
6 empowerment is one that we've all, the five of us,  
7 have discussed and I think have discussed recently.  
8 There's a careful balance here, and the careful  
9 balance I think, in part, results from the people who  
10 look at us collectively.

11 I use as an example the new oversight  
12 process that we have in reactor regulation. There was  
13 a balance there, and in previous times I think there  
14 was a lot more flexibility on the part of individual  
15 inspectors to go out and review the plants. We had a  
16 lot of concerns from Congress and others about there's  
17 a degree of predictability that came along with that  
18 and were we being consistent in the way we do things.

19 So there's a balance between the enhancing  
20 the amount of empowerment of individual members of the  
21 staff and maintaining regulatory predictability and  
22 responsibly regulating. And I think that that's  
23 balance that we all are trying to achieve.

24 I would very much underscore the issue of  
25 the checkoff list and concurrences. There is a lot of

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1 frustration among different members of the Commission  
2 about how long it takes to get an issue up to us and  
3 have the Commission make a decision on that. And so  
4 I think we are clearly taking a look at that.  
5 Empowerment is an issue that has and will continue to  
6 be an issue for discussion between Pat Norry and her  
7 team and NTEU and its team. I think we're focused on  
8 that, I think we recognize it, and it's one that we  
9 will, I think, need to continue to strive on.

10 CHAIRMAN MESERVE: Cordelia?

11 MS. MAUPIN: Yes, this is a question from  
12 the regions. Mr. Chairman, what impact, if any, do  
13 you see on the NRC as a result of the recent changes  
14 in the party makeup in the Senate? For example, on  
15 the budget or on programs such as Yucca Mountain or  
16 advanced reactors.

17 CHAIRMAN MESERVE: I'm not in a position  
18 to make any more an informed judgment on that I think  
19 than any of you are. My impression -- my general  
20 impression is that there is bipartisan support for the  
21 NRC's activities in the Congress. There may be some  
22 issues that become partisan or that become difficult  
23 but that, basically, we're not a partisan agency. We  
24 have not been behaving as a partisan agency. I think  
25 that is recognized on the Hill. The issues that we

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1       confront on nuclear power are not ones that, in  
2       general, have a partisan nature. So I am optimistic  
3       that many of the things that we have sought in the way  
4       of action from the Congress will be ones that will  
5       continue despite the change of circumstances in the  
6       Senate.

7                     The wild card, of course, is what will  
8       happen on Yucca Mountain, that Senator Reid from  
9       Nevada is somebody who now has an important role with  
10      regard to the Senate, and he obviously has a personal  
11      interest in that issue. Exactly how that plays itself  
12      out remains to be seen.

13                    COMMISSIONER MERRIFIELD: I agree with the  
14      Chairman. You know, obviously, the membership of the  
15      two bodies hasn't changed. Obviously, there's been a  
16      change in the turnover in the Senate. Clearly, in  
17      hearings that we have had that the Commissioners that  
18      have testified this year, there has been broad  
19      bipartisan support for the work that we're doing, a  
20      recognition that we have made significant progress in  
21      our programs, both on the reactor and the material  
22      areas over the course of the last few years, and I  
23      think Congress is pleased by that.

24                   The message I think we take away from all  
25      of this is that we need to continue to dedicate

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1                   ourselves to our mission of ensuring public health and  
2                   safety. And as we do so, we will receive the support  
3                   from Congress that we deserve, irrespective of  
4                   whoever's in charge.

5                   CHAIRMAN MESERVE: Rick?

6                   MR. BAUM: This is a headquarters  
7                   question. If the nuclear industry again becomes  
8                   robust, how does the NRC expect to maintain a staff  
9                   with real commercial nuclear experience?

10                  CHAIRMAN MESERVE: Well, that's a very  
11                  important question. It is one that the Commission is  
12                  grappling with. In fact, we had a Commission meeting  
13                  yesterday in which we were discussing this precise  
14                  problem. There are a variety of things that we are  
15                  going, and there are many more things that we're going  
16                  to have to do. But where we've started is on a  
17                  process where we're attempting to get a survey of the  
18                  skill sets of the NRC staff, to develop an  
19                  understanding of the skill sets we will need to have  
20                  in this changing environment that we confront, and to  
21                  have specific strategies that aim to fill any gaps  
22                  that arise.

23                  This will mean that we have to do a  
24                  stronger job in our recruiting efforts than we've done  
25                  in the past, and it's something that we're putting

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1           attention on. We're trying to find ways to make the  
2           NRC an attractive place for which people will want to  
3           come to work. It is also very important that we  
4           retain our good people here, and we're trying to  
5           address that issue. We want to have the NRC be a  
6           place in which people see that they have rewards from  
7           their job and they're recognized in appropriate ways  
8           for their work. We want to make this a hospitable  
9           environment.

10           Let me say that this is a major challenge,  
11          because the reality that we and the National Labs and  
12          the nuclear industry confront is that the pipeline of  
13          people that are coming through the educational system  
14          is constrained. And that there have been declining  
15          numbers, for example, of nuclear engineering  
16          departments that many have closed over the past  
17          several years. So we have a situation, and it will  
18          take a while for that problem to correct itself.

19           I think that the availability of jobs is  
20          something that students are sensitive to, but there's  
21          a period, of course, of training, and there's an  
22          awareness of the issue that needs to grow. So that we  
23          are going to have a challenge, along with many others,  
24          in making sure that we have the capacity to draw the  
25          right people. This is a serious problem, and it is

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1 one that we're looking at very closely to make sure  
2 that we have a strategy that gets us through a  
3 difficult period.

4 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I

5 just might add it isn't clear to me, personally, and  
6 I think this is a view of others, that the current  
7 statutes on the civil service system really will work  
8 for us. There's going to be a vote in the House today  
9 or tomorrow on the Security and Exchange Commission's  
10 bill that the Senate has passed that would allow them,  
11 essentially, to step outside the civil service system,  
12 still be in a merit system, but essentially get rid of  
13 the caps that get tied to congressional salaries and  
14 allow them to be competitive with other federal  
15 financial institutions. Some of the intelligence  
16 agencies, I believe, are already in a similar  
17 situation. And we and other technical agencies may  
18 well have to, at some point, be in that situation as  
19 well, if Congress will approve it.

Now, the Congress -- I don't know what the prospects are in the House for this vote. There's a strong tendency to want to treat the civil service as all two million, whatever, in a uniform way, and that may not be the reality, especially, as I say, for the executive agencies. NIH, down the road, has a lot of

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1 folks that they have gotten special deals over the  
2 years from the Congress, and people get paid  
3 significant sums of money compared to civil service  
4 salaries.

5 But at some point, we're going to have to  
6 bite the bullet, I think, or Congress could solve it  
7 if they would just raise their pay. This compression  
8 that happens at the top of all of the executive  
9 agencies where everybody from, what is it, from ES-3  
10 to ES-6 makes the same salary, that could get fixed.  
11 But they have to face the voters, and too many people  
12 demagogue congressional salaries, and they haven't  
13 been able to do that.

I would underscore, having worked both in  
and outside of government, that over the course of the  
next few years there may be a lot of siren calls to  
those in the staff out there to go work someplace

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1 else, whether it's another federal agency or whether  
2 it's in the private sector.

3 And I underscore a couple of things. One  
4 is I believe, truly believe that this ia special  
5 agency. This is not your typical government  
6 bureaucracy. I think people here are the best of the  
7 best in that respect. Secondly, I would use the old  
8 quote, "The grass is always greener on the other  
9 side." And I think there will be siren calls. I  
10 think there's some of you who have or will be  
11 approached by other people seeking to have you come  
12 join them. Look at those offers real hard. This is  
13 a great place to work. I think you ought to consider  
14 that very carefully if you ever get that plea, because  
15 this will be a tough place to leave.

16 CHAIRMAN MESERVE: Rick?

17 MR. BAUM: This is a question from  
18 headquarters. Has the Agency ever explored dependent  
19 care and medical savings accounts using employee's  
20 pre-taxed earnings?

21 CHAIRMAN MESERVE: My understanding is  
22 that -- on this issue, is that there is availability  
23 now for health insurance to be paid for from pre-taxed  
24 earnings, and I think that many, if not all of you,  
25 have the benefit of that. But that there is a legal

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1 problem with expanding that to establish accounts of  
2 the type that you've described that you can use for  
3 dependent care or for the parts of medical expenses  
4 that are not covered by your health insurance. There  
5 is apparently -- there may be a need for some  
6 statutory changes in that area for that to occur.

This is an issue that may be one that OPM,  
Office of Personnel Management, has to be involved in.  
This is not a unilateral action that the NRC could  
take, because it affects, of course, all of federal  
employees. But I think that this is something that is  
available in the private sector. It's my personal  
view that it's something that ought to be available to  
government employees, but apparently under the current  
statutory scheme it's not.

16 || Rick, do you have another question?

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1                   CHAIRMAN MESERVE: Well, let me say,  
2 generally, about ADAMS, obviously, we've got -- our  
3 aspirations were greater than our capacity to achieve  
4 in this area, that we got ourselves out in front of  
5 the rest of the world in what we were trying to do in  
6 document management systems. And we got sort of in  
7 the leading edge of trying to lead the world in a  
8 technical way on this particular problem and obviously  
9 we've fallen short.

10                  The action plan was intended to provide,  
11 and I think did provide, a realistic evaluation of  
12 what we really could expect from the system and when.  
13 And that plan is being implemented. I think all of us  
14 are disappointed that we have not been able achieve  
15 the system that we thought we were going to have when  
16 we started on this process, but slowly and with great  
17 struggle we are -- some of the problems are being  
18 eliminated over time, and we have the plan that's  
19 intended to put us on a path where more and more the  
20 difficulties that all of you encounter in dealing with  
21 ADAMS are going to be addressed and resolved over  
22 time. It has not come easily, in part, just because  
23 of the underlying problems of a very complicated  
24 software system and our reliance on what's available

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1       in the market for us to be able to do what we'd like  
2       to do.

I know that there are periodic reports  
that the CIO provides on ADAMS and our progress. If  
we need to do more in that area to provide continuing  
information on that, that is something that we should  
be doing, and if we are not doing that, I apologize  
for that.

20 It certainly has not turned out to be what  
21 we want. We, as the Chairman said, are all very  
22 disappointed that this sort of thing has happened, as  
23 I'm sure the people in Information and Technology were  
24 disappointed with some of the issues that they have  
25 encountered. But we do have a program in place to

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1 address it, we are addressing the issues, and I guess  
2 I have to say at this point ADAMS continue to be a  
3 work in progress.

4 CHAIRMAN MESERVE: Rick, do you have  
5 another question?

6 MR. BAUM: This is another question from  
7 headquarters. The concurrence list on a paper to the  
8 Commission is often 20 names long. Changes are  
9 negotiated and reconcurred. The process is slow and  
10 cumbersome. It results in compromise, papers which  
11 are boring, difficult to read, and more important, may  
12 not portray the full extent of considerations. In an  
13 effort to be perfect, the staff is not timely. Do you  
14 see this as a problem, and if so, what are your  
15 problems to address the issues?

16 CHAIRMAN MESERVE: Was that a leading  
17 question?

18 (Laughter.)

19 Let me say I think that several people  
20 have talked about the concurrence list issue already.  
21 It's a complicated problem. On the one hand, you  
22 would like to make sure that everyone who has a stake  
23 on the issue has an opportunity to have his or her  
24 views known to the Commission, so the idea of a  
25 concurrence list is to make sure there are no

1        surprises to staff on what's available to the  
2        Commission as it's making its decisions. So that idea  
3        of having everyone have a stake, who has a possible  
4        stake, even, in a decision have an opportunity to see  
5        the decision documents and participate is something  
6        that, itself, is supposed to encourage communication.  
7        And so that there is -- it's not irrational that there  
8        are long concurrence chains.

9                 On the other hand, there is the problem  
10      that the question raises, is that sometimes means that  
11      things get squeezed out of Commission papers perhaps,  
12      it takes a long time to develop them, and there's a  
13      question of timeliness. There's got to be some  
14      balance between the two activities. And this is  
15      something perhaps we haven't struck the right balance  
16      in some of the activities in which we're engaged.

17                The Commission does have other ways in  
18      which it gets information and does get views, is that  
19      my colleagues and I benefit at Commission meetings  
20      where we formally get together with the staff. Each  
21      of us has interactions with the staff, either personal  
22      briefings on issues, that there are other vehicles in  
23      which we get information that are intended to make  
24      sure that issues that might not be fully covered in a

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1 paper that is presented to us are ones that become of  
2 interest or something that can be explored.

3                   So I wouldn't want to have anyone think  
4 that this is the only vehicle by which papers that  
5 come through the concurrence chain are the only  
6 vehicle by which the Commission is informed as it's  
7 presented issues for decision. I think this is a  
8 tough issue, and I can agree with the thrust of the  
9 question, but there is this problem of making sure  
10 that everyone who has a stake in a decision has the  
11 opportunity to have its views known in a formal way to  
12 the Commission.

13                   Let me turn to my colleagues.

14                   COMMISSIONER DIAZ: It appears that we  
15 should risk inform the concurrence process.

16                   (Laughter.)

17                   COMMISSIONER MCGAFFIGAN: Mr. Chairman, I  
18 share the frustration, to some degree, of the  
19 questioner. I do think we have to improve the  
20 concurrence process. We can't do it from where we  
21 are. I think individual managers in the chain have to  
22 decide whether they have to all chop on these things.  
23 There's got to be a way -- it goes back to the  
24 empowerment issue. People don't feel empowered if  
25 pushing something up to us is going to take three

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1 years and take 3,000 concurrences to get it to us.  
2 And they actually need an answer reasonably soon.

3 I think parallel processing some of these  
4 things, getting some things to us in some sort of  
5 fashion through RTAs to get a quick read as to where  
6 we're likely to be, to find out whether you're wasting  
7 your time on something. We've got to find ways to  
8 make it more easy to approach us, and perhaps that's  
9 true at the level below us, at the EDO/Deputy EDO  
10 level; I just don't know.

11 Despite the concurrence process, despite  
12 it, and I think it was in the question, we get some  
13 papers that are problematic. I was talking to one  
14 staffer recently about an issue -- well, I'll leave  
15 out his name so he doesn't get in trouble -- but we  
16 have some pretty peculiar history in the issue area we  
17 were talking about. And in that case, one part of  
18 NMSS was not talking to SFPO was not talking to NRR.  
19 But these papers that go back to the '80s and '90s  
20 were well staffed, I'm sure, highly concurred in  
21 papers, but synopses were not connecting, and we had  
22 three entities, two within one office, doing things  
23 that didn't add up. So I don't know quite how to fix  
24 the thing, but I know it's a tremendous frustration at  
25 the moment, and I honestly question the value added of

1       much of the concurrence process other than adding  
2       delay and deleting options.

3                  One last anecdote I'll tell you, Joe  
4       Callan, when he was still here, told me once that you  
5       all had this roaring debate at the beginning of what  
6       you now called the Revised Reactor Oversight Process.  
7                  Then it was called the Integrated Review of the  
8       Assessment Program, IRAP. And there was roaring  
9       debate about IRAP that happened down at the staff  
10      levels. And then you gave us this consensus paper.  
11      And then we ended replicating the debate at the  
12      Commission level. But people were accusing each other  
13      down there in the staff, according to Joe, that Ashok  
14      or Sam or somebody was putting us up to various  
15      positions. And they weren't. We were just able to  
16      have the same debate, because our questions were the  
17      same questions that had to have been debated earlier.

18                  At times, I think -- and I've said this,  
19       I think, at previous meetings -- we're adults; we can  
20      take the debate that you all have. We don't need to  
21      have homogenized, single-option papers. I'd prefer to  
22      know as much of what went into where you ended up as  
23      I could and that there were different views on the  
24      staff and that those were rejected for reason X,  
25      rather than that they just aren't in the paper at all.

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1       It happens -- as the Office Directors know, they're  
2       the ones who have contact with -- this is not an  
3       uncommon occurrence that we will end up replicating a  
4       debate, looking at options at the Commission that were  
5       perhaps discussed but not gotten in the paper, and we  
6       just end up creating them at the Commission level on  
7       our own, perhaps not as well staffed if we could have  
8       been if they all were there. So it's probably one of  
9       the more frustrating things for me having been here  
10      five years.

11                   COMMISSIONER MERRIFIELD: Mr. Chairman, I  
12       would say, in light of Commissioner McGaffigan's  
13       comments, that the staff prides itself on its  
14       questioning attitude. And I think the Commission  
15       prides itself on its questioning attitude as well. We  
16       do not, as the Chairman said, get our information  
17       solely from the papers. Our staffs are directly -- we  
18       ask a lot of questions of the staff, much to the  
19       chagrin sometimes of the EDO and his staff. But I  
20       think we vigorously test these papers and come up with  
21       what five of us believe is the right decision.

22                   But on the concurrence chain, I mean there  
23       is sense of balance, and you see the tension spoken  
24       of, both by the Chairman as well as Commissioner  
25       McGaffigan. What's the right number of people to have

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1 in the concurrence chain to get a balanced opinion  
2 that represents a consensus of our Management  
3 structure yet at the same time doesn't needlessly  
4 include people who don't have a value added to that  
5 consensus chain? We're grappling with that. Clearly,  
6 I think we're going to ask the EDO and his staff to  
7 grapple with that. And I'd say stay tuned.

8 CHAIRMAN MESERVE: Cordelia?

9 MS. MAUPIN: This is a question from the  
10 regions. Mr. Chairman, what strategic decisions need  
11 to be made regarding reorganizing the NRC to respond  
12 to our changing environment?

13 CHAIRMAN MESERVE: Well, I think I  
14 answered that question, in part, earlier. We, at the  
15 moment, don't envision any massive organizational  
16 changes. Nothing is pending before the Commission.  
17 The earlier question was about the regions, for  
18 example.

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1           that. There are some organizational changes, and I'd  
2           have to solve the problems of incipient organizational  
3           changes at both NRR and Research to be able to  
4           accommodate that prospect.

5                 But I think that is an area where, when  
6           and if we really get into this in a serious way, there  
7           might well be some further alterations, particularly  
8           in NRR and Research to be able to accommodate that.  
9                 It's premature. It's not an issue before the  
10           Commission now, and it's premature for us to do it.  
11           But that would be the one area in which I would  
12           suspect there might be some Management adjustments  
13           beyond those that have already taken place that might  
14           occur over time. Rick?

15                 MR. BAUM: Mr. Chairman, this is question  
16           from headquarters. The NRC is more hierachal than  
17           the military. There is little direct up and down  
18           communication. Branch Chiefs talk to branch Chiefs,  
19           Division Directors to each other. The staff seldom  
20           has direct contact with Commissioners. Do you see  
21           this as a problem, and if so, what are your plans to  
22           address the issue?

23                 CHAIRMAN MESERVE: Yes, I do see this as  
24           a problem, and it was brought home to me most recently  
25           with the document that I had mentioned in my opening

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1       remarks. The SES Candidate Development Program had  
2       taken on as their project for the group was to  
3       evaluate the internal communications within the NRC.  
4       And I would urge all of you to read that report. It  
5       is quite an interesting report.

And it similarly draws the conclusions  
that one of the grievances that people have at the  
NRC, and I must admit that I was not fully aware of  
this before reading that report, is that staff often  
feel that they do not have the opportunity to interact  
with their boss' boss, in that there is -- the  
communication chain is too constrained. And they do  
make a series of recommendations as to how this  
problem would be addressed, primarily making this a  
major focus about how we improve the communication  
capacities within the NRC and open up the channels of  
communication in a way that apparently are not now.

18                   This is something that the Commission and  
19                   I know the EDO are taking very seriously. We have had  
20                   the benefit of this input which does reflect a fair  
21                   amount of polling of staff on the specific issue. And  
22                   I think that we have some things to learn as a result  
23                   of that effort.

24 COMMISSIONER MERRIFIELD: Mr. Chairman, I  
25 would add, too, I think the Commissioners all take a

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1 strong effort to try to get out and meet the staff and  
2 have briefings in the offices. I know for my part  
3 I've walked the hallways of both of these buildings  
4 and met well over half of the staff. And during the  
5 course of the last couple years, I've had at least --  
6 it has least over 200 members of the staff in my  
7 office giving me briefings on one issue or another.  
8 And I'm not alone in that respect. So I think we're  
9 trying and communicating more perhaps, but I think the  
10 notion that there's this degree of hierarchy and  
11 isolation is not entirely fair. I mean I think there  
12 is an effort on our part to try to reduce that.

13 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I  
14 think the question wasn't so much aimed at us,  
15 although I think we, as the -- it goes back to the  
16 previous question about how difficult it is to push  
17 things through. I do think that we need to figure out  
18 how to make the Commission more available to the lower  
19 reaches of the staff in some way. It might not --  
20 some folks, Rich Barrett, Jack Rosenthal and company,  
21 approach me at lunch and we'll have lunch over in the  
22 room, and we'll oftentimes have very interesting  
23 conversations, and sometimes they even pertain to NRC.  
24 And so that's one way you can approach us.

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1                   Our doors are open, as Commissioner  
2 Merrifield said. There is an open door policy, and I  
3 know that's reluctantly used. I don't think anybody  
4 has invoked the open door policy in the five years  
5 I've been here to come see me, but I have seen staff.  
6 The TAs of our offices are available. They're really  
7 you. I mean they're folks who work for us, help us do  
8 our work, and they're available to staff to sort of be  
9 a sounding board for ideas they might have. And I  
10 encourage staff to approach our TAs.

11                 Eventually, if you're going to get  
12 something done, though, a limited number of  
13 concurrences, including EDO, have to buy into the idea  
14 or we have to decide that Dr. Travers is wrong as a  
15 group here and we're going to side with Employee X  
16 over Dr. Travers -- something I'm sure he doesn't look  
17 forward to. But we've got to figure out how to talk  
18 to you folks more, I think, and I'm open to creative  
19 ways to do it.

20                 And I point to the TAs again, as I did in  
21 one of my earlier remarks. And it's something that  
22 the EDO staff, we do do it. On important issues, we  
23 will have preliminary discussions with clearly -- in  
24 NRR and NMSS through our TAs as issues are arising.  
25 And the question is what's the threshold to bring an

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1 issue to the TAs for preliminary discussion. They  
2 don't make decisions. They just hear what's going on  
3 and suggest that, yes, there's a policy paper there  
4 that needs to be written, and, yes, the Commission  
5 needs to receive that sooner rather than later,  
6 something like that. And they don't do that without  
7 each of them coming and talking to us.

8 CHAIRMAN MESERVE: Rick?

9 MR. BAUM: Mr. Chairman, this is a  
10 question from headquarters. Assuming that NRC's 2002  
11 budget total remains unchanged, what activities is the  
12 Commission considering to drop in order to accommodate  
13 the increased reactor licensing effort? Will  
14 resources be taken from NMSS? Will efforts to risk  
15 informed regulations and oversight programs be  
16 deferred?

17 CHAIRMAN MESERVE: Well, let me say that  
18 we haven't had to cross that bridge yet, and I am  
19 optimistic, and I may be foolish on this, but I am  
20 optimistic that we will not have to. We had submitted  
21 our budget request for fiscal year 2002. We did not  
22 anticipate at the time that it was submitted that we  
23 would have this great interest that since emerged in  
24 the possibility of new construction. And we have to  
25 make preparations for that.

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1                   Our interactions that we have had on the  
2 Hill have been very favorable in acknowledging that  
3 this is a situation that is fast moving, and there's  
4 been great interest in making adjustments in our  
5 budget in order to accommodate the changed  
6 circumstances in which we find ourselves. I take that  
7 as a hopeful sign that at a time when there is growing  
8 interest in the public and the political arena for  
9 nuclear energy and a recognition that this is a  
10 technology that is going to be employed, we need to  
11 have the NRC to continue as a tough and fair  
12 regulator, that we need to be provided with the  
13 resources in order to fulfill that commitment. And  
14 that is something that all of us in the Commission are  
15 going to be working on and dealing with the Congress  
16 to make sure we don't have to confront the kind of  
17 hard choice that the question presents to us.

18                   We have not undertaken a fallback effort  
19 of trying to analyze if we had some significant  
20 shortfall beyond what we've asked for, exactly how we  
21 would accommodate it. If we did confront that  
22 situation, we would go through the PBPM process, try  
23 to sort out what activities to develop our priorities,  
24 and to determine what activities have to be reduced or

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1       shed. That's something we have not done yet, and  
2       hopefully we will not have to do it.

3                     COMMISSIONER MCGAFFIGAN: Mr. Chairman,  
4       I'd only add that -- I agree with everything you said.  
5       We will confront this in the PBPM process, and it  
6       isn't clear to me that the \$15 million to \$18 million  
7       worth of advanced reactor activities, if we were not  
8       to get an add-on, could anywhere near be funded; in  
9       fact, I suspect we'd do a small fraction of that in  
10      order that we wouldn't lose faith with our current  
11      licensees.

12                  The staff, last year, in presenting the  
13      budget to us, told us that they were really at the  
14      bone in many areas. And I know we have squeezed out  
15      a few million dollars this year, maybe a million. I  
16      don't know what it was in the FY 2001 budget to start  
17      the activities in NRR and Research. But most of  
18      Research's activities are being funded by DOE, and if  
19      we had to squeeze \$15 million out of our budget, I  
20      don't think we could do it. So we'll see.

21                  The other thing is we will not know till  
22      September what our 2002 budget is. The appropriations  
23      process is starting late. There's a lot of other  
24      things on the Congress' agenda, and I don't expect  
25      we'll have our budget until September at the earliest.

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1           So we are going to have to plan 2002 with great  
2       uncertainty over our heads.

3                     CHAIRMAN MESERVE: Cordelia?

4                     MS. MAUPIN: Mr. Chairman, this is a  
5       question from headquarters. It is a two-part  
6       question. Now that the EPA's high-level waste rule  
7       has been signed, what are your views on the next step?  
8       Two, what does the new Senate majority leader's recent  
9       comments about the Yucca Mountain project being dead  
10      really mean?

11                  CHAIRMAN MESERVE: Well, as I think many  
12     of you may have read in this morning's paper, EPA has  
13     promulgated their file rule for Yucca Mountain. I  
14     understand it was supposed to be available on their  
15     web site this morning. It is my understanding that  
16     EPA has not accommodated some of our suggestions to  
17     them, that, as many of you, we had suggested a  
18     different dose limit for the all pathway standard that  
19     was consistent with our license termination rule. And  
20     perhaps, more importantly, we had suggested that the  
21     rule not include a separate groundwater pathway, in  
22     particular a separate groundwater pathway that calls  
23     on MCLs.

24                  That being said, that we had had  
25     interactions with EPA on the rule and there were other

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1 changes that were made in the way of implementation  
2 details and which reflected an effort by EPA to  
3 understand the issues that were arising in  
4 implementation and to acknowledge that fact and to  
5 make modifications. So interaction with EPA did not  
6 result in a change in some of the very important  
7 issues. But more peripheral issues we were listened  
8 to and accommodations were made.

9                   We will now have to go forward and the  
10 highest priority for the Commission in the Yucca  
11 Mountain area will be to move forward on our Part 63.  
12 We have an obligation under the statute to make sure  
13 that our regulations are ones that implement the EPA  
14 standards. And, of course, that is what we are going  
15 to do.

16                   I have read in the paper the comments, and  
17 the comments are actually from Mr. Daschle, that in a  
18 meeting in Nevada he had said something about the view  
19 in the Senate as a result of Mr. Jeffords becoming an  
20 independent and what that would mean with Yucca  
21 Mountain. I am not in a position to be knowledgeable  
22 about the affairs in the Senate, but the actual  
23 composition of the Senate has not changed as a result  
24 of this move. I would be surprised if things were  
25 quite as dramatic as Mr. Daschle has indicated, but,

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1 again, I don't claim to be an expert on the affairs of  
2 the Senate.

3 COMMISSIONER MCGAFFIGAN: I don't claim to  
4 be an expert about the affairs of the Senate either,  
5 although I was there 14 years. I think Senator  
6 Daschle may not have been fully briefed about the  
7 statutory situation that Yucca Mountain is in, namely  
8 that if the President makes a recommendation, there is  
9 a fast track procedure that's outside his power to  
10 deal with. And I'm afraid he also may not have been  
11 reading the votes -- although I hate to say that about  
12 a new majority leader -- in his own party with regards  
13 to Yucca Mountain. So he may have been less than  
14 ideally briefed when he made that statement.

15 CHAIRMAN MESERVE: Rick?

16 MR. BAUM: Mr. Chairman, this is a  
17 question from headquarters. Would the Commissioners  
18 also meet periodically with smaller groups?

19 CHAIRMAN MESERVE: Well, I'm sure we --  
20 let me say that there's been an internal  
21 communications theme of many of these questions, and  
22 we have not had, as a Commission, had the opportunity  
23 to discuss this. My impression of this is this is --  
24 and I'm confident from my past interactions with my  
25 colleagues here that this is an issue that all of us

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1 take seriously, and that we do want to find ways to  
2 improve the communications among the staff and on the  
3 staff with the Commission itself.

4                   And there may be a variety of ways we can  
5 do it -- the discussion about using the TAs, there's  
6 no doubt some things that the Commission, itself,  
7 might do in a more formal way. And I think that I,  
8 for one, would be open to a wide variety of  
9 suggestions in this area, and I think that if there's  
10 one message that, to me, has arisen from this meeting  
11 is that this is an issue that is important for the  
12 Commission to address.

13                  COMMISSIONER DICUS: Yes, I would agree,  
14 because it's clearly, as some of the notes I look back  
15 over, and so many of the themes and questions do go to  
16 the issue of communication throughout many of the  
17 comments that have been made. I think we would agree  
18 what is an effective way for us to do that, whether it  
19 is the Commission as a whole or as individual  
20 Commissioners, we'd be able to meet with smaller  
21 groups.

22                  But I think we would be very open to  
23 whatever suggestions might come forward, and I think  
24 it's a topic that the Commissioners we will discuss  
25 among ourselves and see what we think would be some

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1 way to do it. But I think it's a good idea, and I  
2 think I'd like to see something along this line  
3 happen.

4 COMMISSIONER MERRIFIELD: I'd agree with  
5 those sentiments.

6 COMMISSIONER MCGAFFIGAN: I just might  
7 add, Mr. Chairman, that many of us do meet with  
8 smaller groups at the invitation of, say, Office  
9 Directors or Branch Chiefs. I've met with OGC twice  
10 talking to their seminar on -- Sam has had me at one  
11 NRR All Hands Meeting, CIO All Hands Meeting. I was  
12 invited, too, by Stu Reiter. Mike Webber had me in a  
13 small group; Janice Dunn Lee had me down at some  
14 seminar they do in International Programs. And I  
15 think others have had similar experiences.

16 I'm not trying to -- so while some of you  
17 have helped your staff get access to us on an  
18 individual basis, others there's less of that. So you  
19 may want to talk among yourselves, some of the Office  
20 Directors and Division Directors, as to whether that's  
21 a useful thing.

22 CHAIRMAN MESERVE: Rick?

23 MR. BAUM: Mr. Chairman, this is a  
24 headquarters question. I've heard that the glass  
25 doors in Two White Flint North keep breaking, causing

1       injuries to employees. Why aren't they being  
2 replaced?

3 CHAIRMAN MESERVE: it is my understanding  
4 the glass doors have broken on three occasions. The  
5 doors are made of tempered glass, so the door breaks  
6 it's like a car windshield, it breaks into small  
7 shreds that are intended to be ones that do not cause  
8 injury. And my understanding is, and I may be wrong  
9 about this, is that the occasions when the doors have  
10 broken it has not resulted in any injuries, that there  
11 was -- the occasions that arose from it was somebody  
12 pushing a mail cart or something through the door and  
13 a collision with the door caused the door to break.

14 I don't mean to diminish the issue, but  
15 I'm not sure that it is a major one, and I think that  
16 we do have -- the door is constructed of an  
17 appropriate material so as to prevent injury in the  
18 event of breakage.

19 Cordelia, do you have a question?

20 MS. MAUPIN: Mr. Chairman, this is a  
21 question from headquarters. When will NRC employees  
22 be allowed to participate in automatic deductions for  
23 child care expenses? The federal government has  
24 permitted federal employees to save money in child

care expenses by making pre-tax payments, but the NRC does not participate in this program.

3 CHAIRMAN MESERVE: We discussed this a  
4 little bit earlier, and I think the factual premise of  
5 the question is incorrect. My understanding is that  
6 there is not this -- we're not in a statutory position  
7 or ordered to use pre-tax dollars to pay for child  
8 care expenses, and this is something that would be  
9 done -- there may be some statutory changes, I've  
10 indicated, that would have to be approved and  
11 promulgated but also some action by OPM.

12                           Although, let me just say that this is  
13 something, as I said earlier, this is something that  
14 is widely available in the private sector, and it is  
15 unfortunate that it is not available in the public  
16 sector. And if there's an opportunity for the  
17 Commission to weigh in with this, we'd be happy to do  
18 that. Rick?

19 MR. BAUM: Mr. Chairman, this is  
20 headquarters question. In early May 2001, the Office  
21 of Research met with Commission to discuss research  
22 activities. The expert panel formed by Research made  
23 a presentation and addressed Chairman Meserve's three  
24 concerns.

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1                   Question one, what were the Commissioners  
2 views of the expert panel's presentation, especially  
3 panel view and recommendations on having the Office of  
4 Research do high-level waste research? And question  
5 two, would a SRM be issued on the expert panel's  
6 presentation?

7                   CHAIRMAN MESERVE: We did have the benefit  
8 of a presentation and also a parallel report that had  
9 been prepared by the Advisory Committee on Reactor  
10 Safeguards. I think that the SRM did issue on that,  
11 and it was an SRM along the lines that we had to have  
12 the meeting. And I think there's a reason -- there is  
13 certainly a reason why the Commission did that, in  
14 that the specific -- many of the specific  
15 recommendations are ones with which the Commission  
16 will have to grapple in the budget process. And that  
17 many of the recommendations had to do with the  
18 adequacy of our support for research, what sorts of  
19 things we ought to be doing so the natural context in  
20 which to have those decisions made and to see the  
21 tradeoffs among various activities in the budget  
22 context. So that this is an issue where I think we  
23 have to stay tuned.

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1                   We're coming to the end of our time, but  
2       let me see if any of my colleagues want to add  
3       anything on the research question.

4                   We'll take one final question, and then  
5                   we'll terminate.

6 MS. MAUPIN: Mr. Chairman, this is a  
7 question from headquarters. In your opening remarks  
8 today, you emphasized public confidence and the need  
9 for open communication. Over the past two days, the  
10 ACRS has held a workshop on the regulatory challenges  
11 facing the NRC and the nuclear industry regarding the  
12 licensing of future plants.

Near the end of the workshop, some members from the interested public spoke. They emphasized the public's nervousness about the process of new nuclear plant construction and the need for open, understandable communication from the NRC in this area. What advice and direction would you give the staff as we prepare to engage the public on the topic of future licensing activities?

21 CHAIRMAN MESERVE: Well, let me say I  
22 think that this question goes to the core of something  
23 that's an important obligation for all of us at the  
24 NRC, in that we have to reach our decisions through  
25 open processes so that the public has an awareness of

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1 why we made our decisions. It also important, in  
2 order to achieve acceptance for our decisions, that we  
3 allow public participation, that we have an awareness  
4 of the concerns that people have with regard to our  
5 activities, all of our activities, not just new  
6 construction, so that we are informed in our  
7 decisionmaking that are addressing the issues which  
8 are ones that are of concern to affected communities.

9                   So I would say that this is something that  
10 has been an activity that the Commission has been  
11 doing. It will be particularly important in the  
12 context of new construction that we engage the public  
13 and be prepared to engage the public on the issues  
14 that will assuredly arise if these sorts of activities  
15 in fact do go forward.

16                   Let me turn to my colleagues and see if  
17 they have anything to add.

18                   COMMISSIONER MERRIFIELD: Yes. I would  
19 just say that I agree with the Chairman on that. I  
20 think in the end when we get new plant orders or not  
21 there will be a lot of issues that we're going to have  
22 to address, both the regulatory structure, new items  
23 that, for example, Exelon relative to the Pebble Bed  
24 project is putting on the table about emergency  
25 planning zone, about number of operators in the

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control room, containment, a lot of very difficult issues that we're going to have to grapple with.

3 And I think in the end that our mission  
4 has, and will always have to be, continuing to focus  
5 with laser-like quality on public health and safety.  
6 And for us to increase our public confidence while we  
7 have to put all the other things in the mix --  
8 economics, Congress' views, a whole lot of things --  
9 in the end, the end result of that has got to be the  
10 belief that we're doing the job to protect public  
11 health and safety. As long as we maintain our focus  
12 on that, I think public confidence will help to come  
13 along. Thank you, Mr. Chairman.

14 CHAIRMAN MESERVE: I'd like to thank you  
15 all. This has been a very helpful and interesting  
16 session for us up here, and I hope it has been of  
17 interest to you. We learned something from your  
18 questions, and I want to express appreciation to all  
19 of you for participating today. With that, we're  
20 adjourned.

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