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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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ALL EMPLOYEES MEETING

P.M. SESSION

+ + + + +

WEDNESDAY,

JUNE 6

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ROCKVILLE, MARYLAND

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The All Employees Meeting was held on the
NRC Green at 11455 Rockville Pike, Rockville,
Maryland, at 1:30 p.m., Richard A. Meserve, Chairman,
presiding.

PRESENT:

RICHARD A. MESERVE, Chairman

NILS J. DIAZ, Commissioner

GRETA JOY DICUS, Commissioner

EDWARD MCGAFFIGAN, JR., Commissioner

JEFFREY S. MERRIFIELD, Commissioner

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

(1:34 p.m.)

MS. NORRY: Good afternoon. Welcome to the afternoon session of the 10th Annual Meeting between the Commissioners and the NRC staff. We had a little excitement this morning. We had rain on the roof which was kind of nice, made things a little hard to hear, resulted in some pooling of water up there, which I understand has all been removed and we have no more water pools. So hopefully, this will be a very calm session with no rain, no wind and no lightning.

In addition to the people here and at Headquarters, we have the Regions and the TTC who are viewing this on video and by the remote, the resident sites who are hooked in by audio. After the Chairman makes his remarks, the Chairman and Commissioners make any remarks, then there will be time for questions and as you know, we have the usual microphones and it would be kind of nice if some people would use the microphones.

This morning, I think everybody was being very shy and they submitted their questions, which of course, is an option. You can submit your questions. We have lots of people wandering the aisles who will collect your questions, but it would also be nice to

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1 see a few faces up there asking the questions. So I'm
2 not real sure that I've encountered too many people in
3 this Agency who are that shy, but maybe the afternoon
4 crowd will be better.

5 We do have two people who have volunteered
6 to read the questions that we have -- that are on the
7 cards, and will be written on the cards by anyone who
8 wants to do that this afternoon. And if they would
9 stand up, it's Cordelia Maupin of the Office of State
10 and Tribal Programs and Richard Baum from the Chief
11 Financial Officer.

12 And so I would like to also acknowledge
13 that the Officers of the National Treasury Employees
14 Union are sitting in the audience and just urge you to
15 keep any specific questions about labor relations or
16 personnel practices -- those are more appropriately
17 dealt with in partnership.

18 So without further ado, Chairman Meserve.

19 CHAIRMAN MESERVE: Thank you, Pat. Good
20 afternoon. And welcome to our Annual All Employees
21 Meeting. Although I have been the Chairman for only
22 about 18 months, I have started to notice certain
23 rhythms of life here at the NRC. For example, every
24 six months there are meetings with the ACRS and
25 similar periodic meetings with the staff on threat

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1 assessment. There comes a certain time of year when
2 we can expect to hear about the budget and the overall
3 performance of our reactor licensees.

4 Perhaps it is a sign of age, but I'm
5 beginning to notice that these events, like the
6 seasons, seem to occur with alarming rapidity.

7 Just as the blooming of forsythia is an
8 early sign of spring, there are similar signs that
9 this meeting is pending. I can see the outward signs
10 whenever Ms. Norry wants to talk to me about tents.

11 (Laughter.)

12 So we meet together under canvas again.
13 Joining me on the platform today are my colleagues,
14 Greta Dicus, Nils Diaz, Edward McGaffigan and Jeffrey
15 Merrifield. We are pleased to meet with you and have
16 this chance to interact with you.

17 Following my opening remarks, they will
18 join me in responding to your questions. As always,
19 I am very grateful for their support.

20 Let me also welcome the NRC Staff from the
21 Regions at various remote locations and in Chattanooga
22 who are participating by telephone. Despite your
23 physical distance from us, you are an integral part of
24 this meeting and the Commission is looking forward to
25 your active participation. The only difference

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1 between you and the Headquarters staff in the
2 Commission's eyes is that you can sit back and put
3 your feet up during this session, in full confidence
4 that we will never know.

5 (Laughter.)

6 Your Headquarters' colleagues, by
7 contrast, are here in most uncomfortable looking
8 chairs. Occasionally, distance has its merits.

9 This All Employees Meeting is a continuing
10 experiment in internal communications. As I will
11 discuss in a moment, I am firmly of the view that we
12 will not be successful in assuring public confidence,
13 unless we maintain open decision making and encourage
14 full participation in our processes. An essential
15 ingredient in achieving public confidence is good
16 communications.

17 I think it follows that the NRC cannot
18 expect to be successful in communicating outside the
19 Agency if we are unable to communicate well within the
20 NRC. In that connection, I should note that the class
21 that just graduated from our SES candidate development
22 program produced a study on internal communication
23 that I would encourage all of you to read. Its
24 recommendations on improving communications within the
25 NRC have broad applications throughout the Agency and

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1 I have encouraged senior management to give the report
2 serious attention. The message of the report applies
3 to our meeting today as well.

4 The purpose of this All Employees Meeting
5 is to facilitate a candid exchange on issues of
6 importance to our Agency. We welcome your questions
7 and comments and we're prepared to answer any
8 questions you have except for those subject areas that
9 Ms. Norry described in her opening comments.

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

18 The most striking feature of the new
19 external environment is a complete reversal of the
20 claims of just a few years ago concerning the early
21 demise of nuclear power. In striking contrast to
22 these predictions we are seeing interest in nuclear
23 energy as an important and enduring contributor to
24 energy supply. Nuclear power is now viewed as an
25 economical, reliable and environmentally benign source

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1 of energy by a growing percentage of the general
2 public. A recent poll in California, for example,
3 indicated nuclear power has become far more acceptable
4 today than it was just a few years ago. At the same
5 time, the nuclear industry for the first time in 25
6 years, is seriously considering the possibility of
7 applications for new reactor construction and as all
8 of you know, the industry is pursuing in earnest
9 applications for license renewal and for power
10 upgrades.

11 Why this sudden change in perception? The
12 most obvious underlying causes are escalating energy
13 prices and the growing national concern about the
14 shortfall in generation capabilities. In this
15 context, the steadily improving performance of the
16 nuclear industry over more than a decade is good and
17 timely news.

18 The average capacity factors for nuclear
19 plants in the U.S. have increased from 65 percent in
20 the early 1990s to nearly 90 percent today. The
21 production costs for nuclear power are now less than
22 coal, natural gas or renewables. Important news at a
23 time when the price of energy is increasing and is
24 highly volatile.

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1 Our licensees have achieved this
2 remarkable gain by improved maintenance and training,
3 with the consequence that advances in economic
4 performance have been accompanied by parallel gains in
5 safety performance. Fortunately, a good economic
6 performance and good safety performance appear to go
7 hand in hand.

8 Although the NRC does not have a
9 promotional role in nuclear power, I believe that the
10 NRC has played its part in this nuclear renaissance.
11 Our attention to detail and our vigilance in assuring
12 that our licensees provide priority attention to
13 safety issues have established a climate of safety
14 that has enabled public confidence in nuclear power to
15 grow. Our success in providing timely decisions,
16 particularly in the license renewal context, has
17 encouraged the business world. And our efforts to
18 provide clear and objective guidance through our
19 oversight process and in our licensing procedures has
20 created a climate of predictability that has been
21 valuable to both our licensees and our other
22 stakeholders.

23 The success of the NRC in being a tough,
24 but fair and efficient regulator, is in my view an
25 important factor in creating the conditions in which

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1 nuclear power could be evaluated as a valuable
2 component of our energy mix. This success would not
3 be possible without the efforts of a highly qualified
4 and committed staff. You should feel proud of this
5 success.

6 The same remarkable changes that our
7 sweeping our reactor activities are engulfing other
8 areas of NRC. We are getting ever closer to the time
9 when a decision will need to be made on a high level
10 waste repository which opens the possibility of a very
11 high visibility role for the NRC in connection with
12 the potential repository of Yucca Mountain. Our
13 research programs are receiving increased scrutiny as
14 a result of thoughtful reports submitted by a panel
15 led by former Commissioner Rogers and by the Advisory
16 Committee on Reactor Safeguards. We're in the process
17 of improving our safeguards program as part of a
18 broader interest in enhancing counter terrorism
19 programs throughout the government and we'll need to
20 address management challenges posed by Congress and
21 the NRC's Inspector General.

22 I am confident that we will be able to
23 meet these and other challenges as they arise. In
24 short, these are exciting times throughout the Agency,
25 but paradoxically our success in establishing a

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1 climate for change has presented us with risks that
2 arise from uncertainty. Although a new national
3 energy policy has been announced, it is far from
4 reaching final form. Congress has yet to address the
5 proposals and the outcome of congressional review is
6 less certain today than it was just a few weeks ago.

7 Moreover, although we must plan our budget
8 based on certain assumptions, we are far from certain
9 of the nature and timing of any dramatic new
10 initiatives that our licensees may seek to launch and
11 at a time of scarce federal dollars, we cannot be
12 certain of the response in the Congress to our budget
13 requests in any event. In short, although we can
14 anticipate continuing change, the implications for the
15 Agency remain undefined in important respects.

16 Nonetheless, although change will affect
17 us all, there are some things that must remain
18 constant. First, and most important, our abiding
19 highest priority must remain the protection of the
20 public health and safety. The public support for
21 nuclear power is fragile. If we and our licensees
22 fail in discharging our safety obligation, the
23 renaissance in nuclear power will be very short lived.
24 Even in the face of uncertainty and change, our

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1 commitment to public health and safety cannot and
2 shall not waiver.

3 Second, we must continue to strengthen
4 public confidence in the NRC. We must both be and be
5 seen as an objective and independent regulator. We
6 need to ensure that this perception of the NRC is
7 recognized not only by Congress, the national media
8 and public interest groups, but also by local
9 jurisdictions and the public living in the vicinity of
10 NRC licensed facilities. To do this, we must attain
11 clarity in our message and maintain openness in our
12 decision making processes. We must also remain
13 prepared to address concerns regardless of their
14 source.

15 In this connection, it is important to
16 remember that NRC decisions extend beyond technical
17 assessments to include social judgments on the
18 acceptability of risk and the balance of costs and
19 benefits because these are matters in which the public
20 has a stake. We must listen to and consider
21 stakeholder concerns about risk. I firmly believe
22 that if we fail in this area, we will be unlikely to
23 accomplish our mission.

24 Finally, we must all strive to improve NRC
25 capabilities. When I came to the NRC I arrived with

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1 an awareness of the skill and dedication of the NRC
2 staff. My views on this point have been strengthened
3 by my continuing and extended exposure to the staff
4 during the past 18 months. Our staff remains our most
5 previous resource and when I refer to the NRC staff,
6 I am referring to all of you, technical, legal and
7 administrative personnel. All of you play a crucial
8 role in protecting the public health and safety.

9 I am concerned, however, about the future.

10 The Commission recognizes that we must take steps to
11 ensure that the Agency retains its core skills and
12 abilities in the years to come. We have directed the
13 staff to undertake a systematic study to identify
14 existing skills, to assess those that we must bring to
15 bear tomorrow and to develop strategies to fill any
16 gaps. As part of this effort, the NRC has begun to
17 expand its recruitment and training programs, obtain
18 OBM approval to waive dual compensation limits so that
19 retired employees can be rehired to fill critical
20 skill needs under certain circumstances, planned
21 restoration of the NRC graduate and senior fellowship
22 programs and started other steps to retain and enhance
23 our critical skill needs. We recognize the need to
24 invest so to ensure that the capability under which
25 the Agency depends are available in the future.

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1 Whatever the future may hold, the
2 Commission is confident in the NRC staff's
3 professionalism and dedication as we adjust to
4 changing circumstances. On behalf of the Commission,
5 I would like to thank you for your efforts and to
6 state that we look forward to our continuing
7 partnership in meeting the challenges ahead.

8 Thank you.

9 (Applause.)

10 Before we turn to questions, let me turn
11 to my colleagues and see if they have some comments.

12 COMMISSIONER DIAZ: I have a short
13 comment, Mr. Chairman. There has been mention of some
14 shyness on the part of the staff to ask questions and
15 I fully empathize with this behavior having been
16 overwhelmed of lately with some shyness on a part of
17 my acquired nature, so don't feel alone. Some of us
18 go through that at different stages in life.

19 COMMISSIONER MERRIFIELD: Mr. Chairman,
20 yes, thank you. I'd like to underscore two things
21 that the Chairman spoke about. The first one is we do
22 have a lot of attention that has been given us lately
23 by Congress, a lot of discussions up on Capitol Hill
24 about providing some more money for new reactor
25 orders, for research, for a variety of other things.

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1 And as a former Congressional Staffer, I would caution
2 all of us to be mindful of not trying to have
3 boundless enthusiasm for these issues. There is a big
4 difference between legislation being introduced on
5 Capitol Hill and legislation actually being enacted.
6 And whatever happens, whether there are new plant
7 orders or whether there is any activity in Congress,
8 we need to remember at the end of the day that our
9 primary mission is protecting the reactors and the
10 material licensees that we are concerned with and
11 maintaining our focus on public health and safety.

12 The second comment that I would want to
13 underscore is the issue of the success of the
14 Commission. We as a group have testified on Capitol
15 Hill this year and have received significant positive
16 comments on the part of Members of Congress about the
17 work that we have conducted at the NRC. Those
18 comments are not reflective of the success of any one
19 Chairman or any one Commissioner. They're indeed the
20 success of the activities of all of the members of the
21 NRC, in Headquarters, in the Regions and in the field.
22 And I think I want to underscore that there's a
23 recognition that is indeed the case. And at least for
24 my part I want to underscore my comments and thanks

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1 for the members of the staff having made the
2 Commission look good.

3 Thank you.

4 (Applause.)

5 CHAIRMAN MESERVE: Now we'd like to turn
6 the meeting over to you. As Pat Norry
7 indicated, anyone who has a question should feel free
8 to come to one of the microphones in various of the
9 aisles and present us with a question.

10 You also all received cards, I believe, as
11 you entered and if you would prefer you can write down
12 your questions and pass them to Rick and Cordelia who
13 will be reading us questions. So there are two means
14 by which you can present questions to us, but the
15 interesting part of the meeting for us and I hope for
16 you is the questions and answers.

17 MS. SCOTT: How might the change of power
18 in the Congress affect any initiative to increase the
19 use of nuclear power?

20 CHAIRMAN MESERVE: Let me say that my
21 perception of this is that not one of an expert on
22 Congress and hence, all of you can probably judge this
23 as well as I can.

24 But I perceive that the nuclear issues are
25 a bipartisan issue at the moment and we have a

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1 bipartisan Commission that is working well together.
2 The issues that we raise are not ones that develop
3 partisan overtones to them and similarly, the comments
4 that we have received in the Congress, the times that
5 we testified and various other contexts are ones that
6 don't have a partisan flavor to them.

7 So I am hopeful that these changes that
8 are attracting all the attention in the newspapers may
9 play themselves out in a way that they don't have a
10 great deal of impact on the issues that are now before
11 the Congress and before us.

12 For one wild card, I think, might relate
13 to Yucca Mountain in that Senator Reid has moved into
14 a position as head of a relevant subcommittee and
15 appropriations committee. He is from Nevada. Has
16 firmly held views with regard to Yucca Mountain and I
17 think it just remains to be seen how that plays itself
18 out.

19 MS. SCOTT: Thank you.

20 COMMISSIONER MERRIFIELD: I think the
21 Chairman is right in that respect. I mean the
22 membership of the House and Senate have not changed
23 from what they were. Two days ago, obviously, there
24 has been a leadership change in the Senate. Energy
25 will be a significant issue of debate. Congress will

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1 enact its will and it remains to be seen whether that
2 is going to mean more or less dollars for nuclear
3 research for the Department of Energy or for us. But
4 to reinforce what I said earlier, I think Congress as
5 a whole is pleased with the work that we have been
6 doing for our mission and the best thing that we can
7 do is to maintain that mission and maintain our focus.

8 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I
9 might add, I once worked for Jeff Bingaman who is now
10 the Chairman of the Energy Committee and he, Chairman
11 Meserve, testified before that committee earlier in
12 May. It's clear that he and others of that committee
13 are pro-nuclear. They support license renewal. Mr.
14 Bingaman included in the Senate Democratic package the
15 Pierce Anderson extension, so it's in the President's
16 bill. It's in the Murkowski bill. It's in the
17 Bingaman bill. Bingaman, also along with Senator
18 Domenici and others supported legislation to try to
19 work at the human capital issue that the whole
20 industry and we, in particular, faced to try to
21 encourage additional people to go into nuclear
22 engineering, provide more support for education
23 related to nuclear issues, etcetera. And three of us
24 up here on the right hand of the side of the table,
25 where we're sitting, left from where you're sitting

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1 are Democrats. Our party has people who are very
2 strongly anti-nuclear. The Republican Party has at
3 least one, Senator Ensign* from Nevada who probably is
4 not very supportive of nuclear either, but there is a
5 strong bipartisan support for nuclear power that
6 doesn't mean that many of the provisions that weren't
7 going to pass when Senator Lott was Majority Leader
8 are any less likely to pass today. They aren't going
9 to pass before and they're not going to pass today.
10 Some of the more -- the provisions that were in some
11 of the bills that were close to subsidies of nuclear
12 power, there were some strong Republican opposition to
13 some of those because they smacked of corporate
14 welfare which is not a good thing in the Republican
15 Party. So much of the program that relates to us, I
16 agree with my colleagues is in good shape.

17 CHAIRMAN MESERVE: Rick, do we have any
18 questions?

19 MR. BAUM: Mr. Chairman, this is a comment
20 submitted by an employee regarding your comments on
21 the Panama incident this morning. It reads as
22 follows: IOPs directly with the Panama DG for health
23 yesterday. He was very clear that the computer
24 software performed correctly, but that the input data
25 was fed in incorrectly. However, there does not seem

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1 to be a flag in the program to alert programmers to
2 possible incorrect data input.

3 I believe it was just a comment.

4 CHAIRMAN MESERVE: For those of you in the
5 audience, there's an incident that is unfolding as we
6 speak with regard to a facility in Panama that
7 irradiated patients for therapeutic reasons and it is
8 believed that several people died as a result of over
9 exposures.

10 This has been an unfolding episode. I
11 don't think any of us have definitive information
12 about that as yet and I appreciate the comment.

13 Rick, do you have another question or
14 Cordelia?

15 MS. MAUPIN: Mr. Chairman, this is a
16 question from the Regions. Mr. Chairman, how is the
17 NRC going to respond to the Administration's support
18 for nuclear power and its new energy policy and media
19 rumors that as many as 50 plants of existing or new
20 designs may be ordered in the future?

21 CHAIRMAN MESERVE: I don't know how many
22 of you have had an opportunity to read the energy
23 report that the President issued just a few weeks ago.
24 It does have a segment of the report. Of course,
25 deals with nuclear energy. Many of the

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1 recommendations are ones that are -- and comments are
2 ones that are directed at the Nuclear Regulatory
3 Commission. We're in near unanimity, I think, that
4 they reflect activities on which the NRC has embarked
5 and which we already are taking seriously. Primary
6 recommendation, of course, is that one, this is an
7 Agency that must remain focused on protection of the
8 public health and safety and that we should have the
9 resources that are necessary to accomplish that end.
10 It's encouragement for our examination of relicensing
11 as an example of initially, we obviously are taking
12 very, very seriously and have devoted major effort to
13 make sure that we handle those applications both
14 thoroughly and expeditiously.

15 So I think that there are many aspects of
16 this issue that resonate completely with things that
17 are initiatives which the Commission has already
18 embarked.

19 COMMISSIONER MERRIFIELD: Mr. Chairman, I
20 think we had a similar question this morning that
21 asked about new plant owners. And I think one of the
22 things is that there is certainly a possibility that
23 the scuttlebutt about new reactor orders may be
24 somewhat ahead of the reality. I think what is more
25 likely for us to be grappling with this year, perhaps

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1 this calendar year or early next calendar year in 2002
2 is the issue of part 52 and early site permitting.

3 There are very active discussions right
4 now within the industry sector at NEI about pursuing
5 the possibility of having an early site permitting.
6 There are some discussions that have already taken
7 place within our context on this matter and they will
8 continue. So I think there's an effort to try to
9 identify some of those issues and we may very well
10 perhaps see one or more applications for early site
11 permits coming soon.

12 CHAIRMAN MESERVE: Rick, do you have
13 another question?

14 MR. BAUM: Mr. Chairman, this is a
15 Headquarters question.

16 Next month, I will be celebrating my 13th
17 anniversary with NRC. I am a very dedicated, loyal
18 person who will go the extra mile to help anyone or
19 office. I have always received good appraisals and I
20 have mastered my computer skills. I willingly take on
21 extra assignments when asked and I have filled in for
22 higher grade individuals when they were on extended
23 leave. But when I applied for jobs that would mean a
24 promotion, someone else always is selected. People
25 who do have as many years of service as I do pass me

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1 by. People I have trained have passed me by. I have
2 tried for many years to get a promotion, at least
3 four. I would like to know exactly what I need to get
4 to obtain a promotion.

5 CHAIRMAN MESERVE: This is obviously a
6 deeply held concern of the person who presented that
7 question. It's hard for me in the abstract to provide
8 any particular advice as to the individual
9 circumstances or how to proceed. We do strive, as a
10 Commission, to make sure that promotional decisions --
11 we have practices and procedures in place that are
12 fair, that have the opportunity to try to provide
13 growth to all of our employees, at times to have them
14 take responsibilities and increase responsibilities
15 over time and as their capabilities grow.

16 I'm unable to provide any detailed comment
17 about this particular circumstance and what has been
18 the issue associated with the individual's graft of
19 the comment.

20 COMMISSIONER DICUS: Again, of course, not
21 knowing what the details are, as the Chairman
22 mentioned, there's nothing specific that we can say
23 other than I know in conversations that we have had
24 and briefings that we have had, our EEO briefings,
25 there has been a great interest in and encouragement

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1 for and programs in place, I understand and I know
2 that they are, that when people are interviewed and
3 not selected for a position that they have the
4 opportunity to get feedback on why they were not
5 selected, what maybe skill or ability that they have
6 an opportunity to improve and then how we can offer
7 that opportunity for improvement to increase the
8 likelihood of a promotion. So certainly the
9 Commission supports that and encourages its constant
10 use.

11 CHAIRMAN MESERVE: Rick, do you have
12 another question?

13 MR. BAUM: Mr. Chairman, this is a
14 Headquarters question. The openness that attends the
15 new state color process appears to give industry
16 greater access to the Commissioners than the staff
17 enjoys. This sometimes gives nonemployees a greater
18 opportunity to argue their views than NRC employees
19 have on major policy issues. What are the
20 Commissioners' views on this?

21 CHAIRMAN MESERVE: Let me say that I think
22 that all of us have a common view here that in order
23 for us to do our jobs successfully, it is important
24 that we have an open door and that we receive
25 information from a diversity of sources, so that may

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1 mean if somebody from the industry would like to visit
2 with the Commission in a way that's not in litigation,
3 and present us with their views on a policy issue, our
4 door is open to that, just as it is open to other
5 stakeholders and that we have visits as well from
6 those who are and all of us visited by industry people
7 who choose to see us, but others who may have
8 differing views about various of the issues that are
9 presented to us.

10 I appreciate, this question is focused not
11 so much on that as on staff access to the Commission.
12 And let me say that we had a very interesting
13 experience at this morning's session and that many of
14 the questions that we received were ones that focused
15 on problems of internal communication and a sense that
16 obviously is felt by some staff that they don't have
17 the capacity to interact with higher management or
18 with the Commission.

19 This is -- although I think all of us have
20 an open door policy, have the benefit of both formal
21 and informal interactions with staff at all levels,
22 this is clearly something that I think all of us have
23 taken away from this morning's meeting is that this is
24 an issue that we need to address more systematically
25 than we have in the past.

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1 I mentioned in my opening remarks the
2 report that had been prepared by the candidate
3 development, SES candidate development program, that
4 group that has just graduated and that report deals
5 with internal communications at the NRC. It has the
6 benefit of a survey that has been made of staff and
7 makes findings and recommendations that derive from
8 that.

9 I find the report to be very interesting.
10 It is consistent with the comments and questions we've
11 been receiving at these meetings and I'd urge all of
12 you in the audience who are managers to read that
13 report. This is clearly something that the Commission
14 needs to deal with.

15 COMMISSIONER DICUS: Again, as the
16 Chairman mentioned, in the morning session many
17 questions dealt generally with the communication and
18 access, questions on empowerment. We discussed that,
19 some of the things, but communication, access, the
20 levels of concurrence, there were many questions on
21 that and as we discussed this morning, I think
22 essentially all of us have fundamentally an open door
23 policy. We encourage any one who wants to talk to us
24 to take that opportunity. And I rarely get that. I
25 rarely get my office and I think what are we doing

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1 wrong that somehow or another either the message is
2 not out, or there's a hesitancy to use the
3 opportunity. All I can say is that it does exist and
4 don't be shy about using it.

5 COMMISSIONER DIAZ: Let me add. I am sure
6 that the staff has more access to the Commission than
7 any body else in this world. There is no doubt about
8 it. It might be what the difference of access is,
9 but I know that only a small fraction of my time is
10 placed interacting with other stakeholders, all of
11 them, and the majority of my time is devoted to
12 receiving documents from the staff, interacting with
13 the staff, attending meetings with the staff, meeting
14 with not only the Directors, but groups of the staff.
15 It might very well be that there will be other
16 channels as the Chairman and Commissioner Dicus has
17 mentioned of internal communications, but we are
18 accessible and we are more accessible to the staff
19 than to anybody else that I know.

20 COMMISSIONER MERRIFIELD: Mr. Chairman, I
21 would agree with Commissioner Diaz' comments. I think
22 we've all tried to engender an opportunity to get out
23 and meet with the staff, whether it's individually or
24 collectively. Commissioner McGaffigan spoke this
25 morning about all hands meetings in NRR to OGC and

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1 others and we've al, I think, taken the occasion to do
2 that at various points.

3 Many of us have walked the halls and tried
4 to meet staff. I've virtually walked every hallway of
5 these two buildings.

6 In the meetings that we have in our
7 offices, we don't just get the papers up in our
8 offices and decide them in a vacuum, we have a
9 questioning attitude of the Commission level and we
10 are very active in getting staff briefings on those
11 papers. I know I've had hundreds of staff in my
12 office in the two and a half years that I've been
13 here.

14 I'm a little -- I think like the others.
15 I sort of disagree a little with the premise, a
16 question that we're isolated in meeting with singular
17 groups. I don't think that's reflective of the true
18 calendar of the typical Commissioner in this
19 institution.

20 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
21 might as well go ditto, but we are open. We want to
22 see you. If you don't want to see us, you're somehow
23 shy as Pat Norry was talking about earlier, our TAs
24 may be more approachable and there, you know where to
25 get them. We do try to meet with the staff. The vast

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1 preponderance of my time as all the others is in the
2 interaction with the staff. We do also meet with NEI
3 and individual industry groups as we do with Mr.
4 Lockbaum and Mr. Leventhal and folks like that as
5 well, but the vast majority of our time is trying to
6 sort out papers.

7 We do see your bosses. All of us have
8 periodics with the office directors, with the deputy
9 EDOs, with the EDO, head of OGC, etcetera.

10 If there's a problem here, we ere talking
11 about this morning, as the Chairman said, it's the
12 lower level staff feeling connected to us and that
13 gets into the issues of internal communication,
14 empowerment, concurrence processes, all of that and I
15 think that's the report the Chairman referred to had
16 the essence of a challenge in it as did this morning's
17 questions as something we have to work on.

18 CHAIRMAN MESERVE: Let me encourage
19 anybody who'd like to ask a question to come to the
20 microphone. We'd be glad to hear from you directly.

21 Cordelia, do you have another question?

22 MS. MAUPIN: Mr. Chairman, this question
23 is from the Regions. What is your vision of NRC FTE
24 resources over the next four years? Do you anticipate
25 seeing staff level changes and of what magnitude?

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1 CHAIRMAN MESERVE: Let me say that on this
2 issue that the NRC has had over the course of longer
3 than a decade, has had a declining budget certainly in
4 real terms, but obviously in constant dollar terms as
5 well and accompanied with that has been a decline in
6 FTE that have been allocated to this Agency.

7 We've sort of turned the corner in the
8 last budget in sort of acknowledging that we had
9 gotten very lean and particularly in a time where we
10 had an increased workload. It was coming that we were
11 being hard pressed and so we do have a budget request
12 that is pending before the Congress that has some
13 slight increases associated with it.

14 I think that if, in fact, it materializes
15 that we do get a large number of new applications or
16 other areas of having increased workload from one
17 source or another, that we are prepared to make the
18 case, if it's appropriate for appropriate resources.

19 We need to be efficient in the resources
20 we have, but we recognize with the challenges that are
21 presented to us that we may need to have some growth.

22 I think that we do have the problem that
23 we confront our that licensees pay for the bulk of our
24 resources at a time when they're under increasing
25 economic pressures. There is obviously concern by

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1 them about the magnitude of their fees and that sort
2 of reinforces the need for us to be efficient.

3 We did get a little bit of relief on that
4 issue in the last Congress in that we started on a
5 trajectory where we get 10 percent of our budget, 2
6 percent a year over 5 years that would be funded from
7 general revenues rather than from fees. And that
8 should prove to provide a little bit of relief. That
9 was a change that we could justify on equitable
10 grounds and that there's a measure of the activities
11 that we undertake here that do not directly benefit
12 our licensees, but benefit the public and therefore
13 the public should pay for it.

14 I see this as a challenge for us, however,
15 and that we have a situation in which I think we ought
16 to anticipate that throughout the government there
17 will be tight budgets over the next several years and
18 that we'll have to make a strong case in order to
19 justify increases, if we're to obtain them.

20 COMMISSIONER MERRIFIELD: I would -- I
21 think the Chairman is right. I would add one thing to
22 that. One of the concerns right now is if we get new
23 plant orders, that we have the staff to do it, do we
24 have the right resources. I think that was the
25 premise behind the Commission making a decision late

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1 last year to ask the EDO to prepare a report, what
2 would it mean for us to deal in new plant orders, what
3 do we need for FTE, do we have the right skill sets,
4 what would it cost in a budgetary standpoint. I think
5 the Commission is carefully weighing the
6 recommendations of the EDO and the staff.

7 The balance against that, however, is you
8 got to be careful about getting too far out ahead of
9 things and there have been times in the past when this
10 Commission, thinking that things were going to mature,
11 went out and hired a whole bunch of new people, only
12 to find out that those issues really didn't move
13 forward and we were forced to do some RIFs. That is
14 a very difficult thing on people's lives. We don't
15 want to -- I think you want to be very cautious about
16 doing that. I think we need to bring people on in a
17 planned manner so that we meet the needs as they're
18 coming forward, rather than getting too far ahead and
19 risk putting people's livelihoods in risk.

20 CHAIRMAN MESERVE: Rick, we have somebody
21 at the microphone.

22 AUDIENCE MEMBER: Good afternoon. We all
23 know that the NRC cannot be an advocate for the
24 nuclear waste repository -- but the question is that
25 you have a responsibility for the national nuclear

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1 waste problem and whether you think this is -- do you
2 have little responsibility or a big responsibility?

3 CHAIRMAN MESERVE: Our responsibility is
4 with regard to nuclear waste is one that is defined by
5 statute. And particularly Yucca Mountain is the one
6 that is on everyone's mind and we have a very clear
7 set of obligations that we need to fulfill in that
8 connection.

9 Our fundamental obligation there as in
10 connection with all other activities is to ensure the
11 protection of the public health and safety. Let me
12 say that I think that it is singularly important in
13 that context, as in others, that we be seen as an
14 objective agency that relies on the best information
15 that's available and makes the decisions on the merits
16 and that we're not driven by the politics of the
17 situation. We're driven by what's required for public
18 health and safety. That has to be the guiding star
19 for all of our activities. That's going to be -- that
20 will enable us to fulfill our mission and will give us
21 credibility at the end of the day when we do it.

22 I think that's as important and perhaps --
23 in all areas, but it's going to be particularly
24 important as we deal with issues arising from the

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1 possibility that we may be presented with an
2 application for a repository at Yucca Mountain.

3 Rick, do you have a question?

4 MR. BAUM: Mr. Chairman, this is a
5 question from Headquarters. The NRC is undergoing
6 many changes and a number of introspective initiatives
7 on how to do business. Example, empowerment,
8 communication plans, business planning, reengineering.
9 What is being done to integrate these initiatives and
10 explore changes in our physical surroundings to
11 support new ways of doing business?

12 CHAIRMAN MESERVE: I think it's an
13 interesting question is that we have, I think, over
14 the last year tried to be very introspective and to
15 try to look at the way we're doing business and make
16 sure that we have ourselves structured in a way that
17 we can do our jobs effectively and efficiently.

18 If I had to suggest perhaps one area where
19 the rubber hits the road on this issue, it's sort of
20 one that forces integration at least in one sense of
21 all of this is in the budget process, in that there's
22 a discipline that is -- has to be applied in that area
23 of setting priorities, of making sure that you are
24 applying your funds in a way that optimize the
25 capacities of the Agency in fulfilling its obligations

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1 and that that is probably the one and probably the
2 most important tool we have to make sure that all of
3 these lessons are brought to bear.

4 Another question?

5 AUDIENCE MEMBER: I have a couple of work
6 place questions. One is the staff keeps hearing rumor
7 mill that flexy-place is going to be instituted at
8 NRC. In fact, I understand that Congress is requiring
9 all federal agencies to institute some sort of flexy-
10 place. That means telecommuting type of process. And
11 part of the rumor that has been going around is that
12 these flexy-place arrangements are going to be very
13 restrictive such as if you are on flexy-place, then
14 you can't do the alternate work schedule or other such
15 types of arrangements. And just as a staff member,
16 I'm interested in the Commission has any influence or
17 desire to influence that process and try to make it
18 more open, flexible and workable for employees,
19 particularly since that a number of folks volunteer on
20 their every other day off, every other week day off
21 that they take off and that could impact the
22 communities, because they don't -- I know one person
23 volunteers scuba diving up at the National Aquarium
24 and feeding the fish in the big tanks there. So they
25 wouldn't do that any more. They wouldn't take leave

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1 to do that. That kind of thing that would just impact
2 folks, unnecessarily.

3 CHAIRMAN MESERVE: You are correct that I
4 believe there's a federal statute now that requires
5 the full evaluation of telecommuting as something
6 that's an obligation of the federal government. The
7 Commission has always had for its staff had some
8 positions for which telecommuting has been possible.
9 It's my understanding that this is an issue that's a
10 continuing dialogue that is going forward with the
11 Union in order to make sure obviously we need to
12 comply with the law, but to make sure that there are
13 opportunities that telecommuting provides for us that
14 we can seize, that enable us to fulfill our mission
15 better, that we're taking them.

16 As to the specifics about the limitations
17 that are there or any other constraints, you are more
18 knowledgeable of this subject than I am, because this
19 is not a rumor that has reached my ears and has not
20 been something that the Commission at this stage has
21 been involved in.

22 AUDIENCE MEMBER: And my second question
23 actually addresses a much smaller group of the Agency
24 and that is there does not appear to be a well set up
25 arrangement for mothers who are breastfeeding,

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1 lactating rooms that other federal agencies have and
2 they're usually very convenient, private rooms that
3 are set up that women can come in and express milk to
4 store for babies at home.

5 As chair of the Federal Women's Program I
6 was going to be requesting something specific in the
7 August briefing, but I won't be able to be here for
8 that so I just wanted to make it clear that that is a
9 need in this Agency and we should do it pretty quickly
10 because there's a number of lactating women in the
11 Agency right now who have been approaching me
12 requesting my assistance in getting such a room.

13 CHAIRMAN MESERVE: I appreciate the
14 comment. This is not something that I had been aware
15 of.

16 AUDIENCE MEMBER: Nor I until they
17 approached me. Thank you.

18 CHAIRMAN MESERVE: Yes?

19 AUDIENCE MEMBER: Mr. Chairman and
20 Commissioners, I have another question concerning
21 adequacy of resources.

22 I'm a little confused by a comment I just
23 heard a few minutes ago about hiring up staff a few
24 years ago and then the requirement to do a RIF. What
25 confuses me is how we would be in a posture to have

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1 RIFs when we need a contractor for almost every
2 technical requirement we have. It seems to me that we
3 need contractors for inspections. We need contractor
4 support for almost every aspect of adequacy of nuclear
5 power plant design and operation that we go over. So
6 I just cannot sort of process this disconnect with the
7 idea of a RIF.

8 We also need to maintain our breadth and
9 depth of expertise in the technical area and it seems
10 that we need contractor technical support for
11 everything.

12 Assuming that Congress were to increase
13 our budget somewhat, how soon and how do you envision
14 going about getting the Agency where it needs to be in
15 terms of new billets, new technical jobs, so that we
16 can actually do some more of these reviews and
17 functions ourselves for our autonomy?

18 COMMISSIONER MERRIFIELD: Mr. Chairman, if
19 I could just start, at least the first part of that
20 because I misspoke on my answer to the first one.

21 I said the word RIF and that was
22 inappropriate. Really what was at issue and this is
23 a briefing that I just got recently from the staff.
24 There were points in the past where we had brought on
25 various skill sets. There were geologists,

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1 meteorologists and others back in the days when we ere
2 licensing a lot more plants and we came to realize
3 that the hiring of those individuals had gotten ahead
4 of what our real need was for them. So that the
5 Agency in order to adapt to that had to try to find
6 different jobs for them. We had to balance out those
7 resources and it became very difficult to do that.
8 And there were some individuals for whom had
9 specialized skills that we couldn't take full
10 advantage of the work that they ere doing. And so the
11 point I was trying to make by that and I apologize for
12 not being as succinct as I should have been, but the
13 point I was trying to make was that we need to make
14 sure that before we go too far out ahead of ourselves
15 that there really is a need for us to have certain
16 skill sets and individuals brought on board, because
17 we don't want to put ourselves from a planning
18 perspective down the line, having to try to rebalance
19 that and not fully utilize people that we brought on
20 board. That's really what I meant by that answer, Mr.
21 Chairman.

22 CHAIRMAN MESERVE: Let me respond to the
23 second part of the issue, is that let me say that my
24 interaction with the staff would clearly indicate that
25 we're not dependent on contractors for everything,

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1 that we have people with great skills throughout this
2 Agency in technical areas and other areas on whom we
3 are crucially dependent and it would be a huge loss
4 for the Agency if we had to depend on outsiders for
5 those sorts of things.

6 We have undertaken this effort that I
7 described very briefly in my comments to sort of start
8 the process of a more systematic evaluation of the
9 skills that exist among our existing staff, an
10 examination of what we need in the future and to
11 develop a strategy of how to fill those gaps. And of
12 course, it would have to include a consideration of
13 the uncertainties, how certain is it we're going to
14 have the gaps would have to be a factor in all of that
15 decision making.

16 But it's specifically with the target of
17 making sure that we have the wherewithal and continue
18 to have the wherewithal among our own staff resources
19 to meet our obligations.

20 Now it is clear that in some areas that we
21 are going to have to depend on contractors to some
22 extent, but if we're going to be able to use
23 contractors intelligently, we need to have people who
24 are on our own staff who have sufficient skills to be
25 able to direct and control and appreciate their

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1 comment and evaluate their work in order to do our
2 job. So I think that we recognize that and I think
3 that we have a strategy underway that makes sure that
4 our needs for the future are met.

5 AUDIENCE MEMBER: Thank you for your
6 comments. I just want to point out that I raise this
7 certainly not to be discourteous and I recognize that
8 we do have great talent here, but we do need more of
9 it. Being from OGC I spend half of my existence
10 answering organizational conflict of interest
11 questions, analyzing and examining those types of
12 situations. We constantly seem to be in a posture of
13 we can't use X, we can't use Y because of A, B and C
14 and this would be a conflict, that would be a
15 conflict. And I just hope to see more technical staff
16 of our own that can do the work so we're not
17 constantly looking at what is a conflict, what is not
18 and who are we going to get to do the work.

19 CHAIRMAN MESERVE: Thank you.

20 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
21 might add to the discussion that I do think, I agree
22 with both you and Commissioner Merrifield. We have
23 great staff here, but I also do worry at times about
24 the degree of contractor dependence that we do have.
25 At the margin, I would prefer to have the people on

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1 the staff. I think the reason we go to contractors is
2 partly for the very reason that maybe Commissioner
3 Merrifield is talking about at the start, it's easier
4 if it is not continuing work that you know you're
5 going to have year in and year out to say okay, we'll
6 bring a contractor in to do this for a limited period
7 of time, but if it is continuing work that is the core
8 of our business, those employees should be our
9 employees and not contractor employees and in any
10 case, I agree with you that we have to have people who
11 can interpret the contractor results and direct them
12 and make sure that we get what we're paying for. But
13 at the margin, at times, we do seem the first instinct
14 around here, perhaps because we're understaffed in FTE
15 space is let's put out a contract to handle this thing
16 that I would have thought we could have done in-house.

17 CHAIRMAN MESERVE: Rick, do you have
18 another question?

19 MR. BAUM: Mr. Commissioner, this is a
20 question from Headquarters. The FY2002 budget
21 submittal from NRC has little if any requests for
22 funding for research and licensing activities on new
23 plants including advanced reactors.

24 What is the current thinking for these
25 areas for the 2003 budget?

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1 CHAIRMAN MESERVE: The question is
2 correct, that the Fiscal Year 2002, as submitted to
3 the Congress, did not include substantial volume of
4 research as to accommodate advance reactors or new
5 applications. The reason was, of course, that that
6 budget was put together over a year ago and it is one
7 that we didn't anticipate, developments that have
8 occurred since with regard to the interest in that
9 area.

10 We have recently communicated with the
11 Congress to make sure they understand that the budget,
12 as submitted by the NRC, did not include these funds,
13 that there's been a developing interest in the
14 possibility of new construction for which we need to
15 prepare, particularly with regard to advance reactor
16 designs. And we notified the Congress that we
17 estimated that the volume of work that we would like
18 to undertake in this area, in Fiscal Year 2002, is in
19 the order of \$15 to \$18 million.

20 Let me say that this was a request that we
21 submitted -- this information was originated in the
22 Congress and there was great interest in having this
23 information which gives me some hope that this will be
24 something that the Congress will be prepared to deal

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1 with in the context of our Fiscal Year 2002 budget,
2 but that remains to be seen.

3 We are now putting together our Fiscal
4 Year 2003 budget. That is something that the
5 Commission will be working on over the summer. I
6 would anticipate that it will also include, certainly
7 will have to include funds to reflect this near area
8 of work.

9 Do you have another question?

10 MS. MAUPIN: Yes sir, this is a question
11 from the Region.

12 Recently, the new Senate Majority Leader
13 was quoted as saying, "Yucca Mountain is dead." Is
14 this just political posturing or should some credence
15 be given to this comment in regards to the future of
16 waste disposal?

17 CHAIRMAN MESERVE: I have read that
18 comment as well, that Senator Daschle had made that
19 comment in Nevada. It's a -- let me just say that I
20 think all of us could make some judgments about the
21 Senate, but the actual composition of the Senate has
22 not changed over the last few weeks. And I don't
23 think that anyone would have guessed two weeks ago
24 that Yucca Mountain was necessarily dead or alive at
25 that time, that this was an issue that was going to

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1 proceed through the process that was specified in the
2 statute. And it remains to be seen how this unfolds.

3 So I am -- I don't understand the
4 foundations for the comment that was made that this
5 change has caused some dramatic modification of how
6 the Congress will react to a proposal to proceed with
7 Yucca Mountain, if in fact, such a proposal is made.

8 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I
9 might just having worked in the Senate, that the law,
10 the majority leader has tremendous power in the Senate
11 to call up bills, ordinarily, although the Senate also
12 has no rules and anybody can put their bill and any
13 other bill. In this particular case, Congress has
14 previously put in place so-called Fast Track
15 procedures so that if the President, and it's an if,
16 proposes that Yucca Mountain be the site of the
17 repository and if Nevada, which is not probably an if,
18 declines the opportunity and it goes to the Congress,
19 in both Houses there are Fast Track procedures which
20 will force a vote and as the Chairman said, the votes
21 have not changed and there has been in both parties
22 strong overall support for doing something on the
23 waste issue.

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1 So in this particular case, he may not
2 have been aware of the statute that provides for the
3 Fast Track procedures.

4 CHAIRMAN MESERVE: Rick, do you have a
5 question? I'm sorry, there's a gentleman at the
6 microphone.

7 AUDIENCE MEMBER: Thank you. About a year
8 ago, you took a special interest in the ADAMS system
9 and asked that there be some review of it. That's
10 happened, but there doesn't seem to be much
11 communication about the current status.

12 Can you say what you know about the status
13 or what you know about the ability to communicate to
14 the staff what's happening on ADAMS?

15 CHAIRMAN MESERVE: I appreciate the
16 question. There was a similar question that was asked
17 this morning about ADAMS. As I think all of you know
18 and perhaps far better than I do, ADAMS has fallen
19 short of all of our expectations, that it was -- we
20 got ahead of ourselves in getting launched into this
21 activity and it -- we have been limited by the
22 technology and basically the available software and so
23 that this has been something that we had hoped would
24 be a vehicle for facilitating all of your lives and in

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1 fact, it's not proven to provide the advances that we
2 had hoped.

3 The CIO and others on the staff had put
4 together an action plan that was intended to reach
5 across the entirety of the Agency, that we surveyed
6 all of the problems and developed a realistic strategy
7 as to which of the problems we could address and
8 develop a means to do that and a time frame for doing
9 that. And that action plan, of course, is available.

10 We have continued to confront issues with
11 ADAMS. There have been -- my sense of the
12 circumstances that there have been improvements that
13 have been made. Perhaps it has been a slower process
14 than any of us would like.

15 I know that the CIO does send information
16 around about ADAMS and it's clear from the question
17 this morning and your question that that has not been
18 sufficient in order to have people know where we are
19 and where we're headed and that's something we're
20 going to address and correct.

21 Rick, do you have a question?

22 MR. BAUM: Mr. Commissioner, this is a
23 question from Headquarters. When the Commission
24 issues an SRM are such requirements always aligned

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1 with the Agency's planning budget and performance
2 management process?

3 CHAIRMAN MESERVE: Yes.

4 (Laughter.)

5 By definition. I mean I think -- I don't
6 mean to be flip, but I think it's the vehicle by which
7 the Commission sets its policies and establishes the
8 framework within which decisions in the planning
9 budget and performance managing process undertake with
10 a backdrop of SRMS. So I think that the aim is to
11 have these be congruent activities.

12 Rick, do you have another question?

13 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
14 might add that by definition that's true. It also is
15 true that when we're considering SRMs, oftentimes the
16 staff will provide us preliminary information as to
17 what the cost and what might have to be given up in
18 order to do something we want to do. I mean those
19 discussions do take place. They aren't reflected in
20 the SRM themselves, but we don't -- we don't make the
21 Agency turn on a dime at tens of millions of dollars
22 of cost. Nothing like that ever happens.

23 COMMISSIONER DIAZ: It is true that if it
24 isn't, it will be, right? Somebody will make it.

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1 COMMISSIONER MERRIFIELD: I think there's
2 a point to be made though and that is -- and it's not
3 always readily apparent when you read the SRM or even
4 when you see this in a meeting such as this. But
5 there are an awful lot of different factors that we as
6 Commissioners have to weigh in casting the votes that
7 we cast, in coming to and working together on the SRMs
8 that we come up with, balancing a variety of different
9 stakeholders that we have and the variety of different
10 information that we receive from the staff, either
11 staff telling us directly or through our respective
12 staffs, what's going on.

13 And there are a lot of issues we have to
14 balance off into making these decisions and sometimes
15 we have to make hard calls. I think that's the
16 expectation of the President and Congress in
17 empowering the Commission to make the decisions that
18 we do.

19 It would be easy to have people at the
20 Commission level simply to rubber stamp things, but
21 that's not what Congress wants. Congress wants us to
22 take an independent look, to take all the facts into
23 consideration and make a decision. And sometimes that
24 is more apparent in SRMS than otherwise.

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1 CHAIRMAN MESERVE: Cordelia, do you have
2 a question?

3 MS. MAUPIN: Yes sir, this is a question
4 from Headquarters. The proposed energy bill knows
5 that an increased emphasis on enforcement may be
6 appropriate in light of deregulation and power
7 upgrades. The revised reactor oversight process
8 eliminates the use of civil penalties in most
9 instances. Is this consistent, given that most
10 members of the public would not view the Agency action
11 matrix as enforcement?

12 CHAIRMAN MESERVE: I think that the
13 reference was to the President's energy plan rather
14 than to any specific legislation. I understand the
15 energy plan to reflect an appreciation by the
16 President and Vice President Cheney and those who
17 developed the task force report of the important
18 function that the NRC plays with regard to the
19 regulation of nuclear power plants. And they see that
20 for nuclear power to proceed is important, that we
21 have a central role and that we had adequate resources
22 and capabilities to fulfill the task.

23 I personally did not and have not had the
24 benefit of any conversations of others in the
25 Executive Branch, and I don't know whether my

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1 colleagues have, that the reference, the use of the
2 word "enforcement" was intended to be construed in a
3 narrow context as limiting the flexibility that is
4 available to the Commission in applying a variety of
5 different tools to assure that we fulfill that
6 fundamental mission of assuring safety.

7 Rick, do you have a question? I'm sorry,
8 is there somebody at the microphone?

9 No. Okay, Rick.

10 MR. BAUM: Mr. Commissioner, this is a
11 Headquarters question. Considering the recent talk of
12 new nuclear plans and licensing renewal, what do you
13 see as a long-term solution for spent fuel,
14 specifically, with EPA's groundwater specs and
15 Nevada's concerted effort against Yucca Mountain, do
16 you think we are putting all our eggs in one basket,
17 or is processing a real possibility?

18 CHAIRMAN MESERVE: Let me say that we have
19 a defined role with regard to Yucca Mountain that
20 we're going to fulfill. There are EPA standards that
21 were announced this morning that do reflect the EPA
22 approach to those standards that do disagree in some
23 respects with comments that the Commission had made
24 and we'll obviously enforce and apply those.

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1 It's premature for us to judge what the
2 implications are as to the application of those
3 standards and of our implementation of those standards
4 in our regulatory system for what the prospects would
5 be with the connection to Yucca Mountain, when and if
6 there was a recommendation that we proceed with Yucca
7 Mountain. I think it's premature to make any judgment
8 as to what the implications are of those standards
9 with regard to Yucca Mountain.

10 Let me also say that I think and this is
11 a personal comment, rather than a Commission comment,
12 that one, I think, should separate the technical and
13 scientific issues associated with Yucca Mountain from
14 some of the political and perhaps economic
15 considerations. I think that there is a consensus, as
16 reflected in several National Academy of Sciences
17 reports that there is a technically solvable problem
18 to be able to dispose of spent fuel. It's not
19 necessarily to say that Yucca Mountain is the correct
20 solution, but that this is something that is within
21 the capacity of man to do.

22 And so I think from a technical viewpoint
23 that that, when the Commission has made a decision
24 that we can continue to allow power plants to produce
25 spent fuel and in recognition that this is, there is

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1 within man's capability to be able to deal with the
2 spent fuel and beyond that, that we have safe means to
3 be able to store that fuel for certainly a period of
4 decades in spent fuel pools or in dry storage.

5 I think from a scientific and technical
6 point of view, this is not something that has to be
7 solved immediately or its a yes/no and Yucca Mountain
8 is something that is beginning or end of nuclear power
9 from a scientific and technical -- Yucca Mountain has
10 to be -- if the answer is no on Yucca Mountain, we
11 will have to store the fuel as we have been for longer
12 and then we'll have to turn, the nation will have to
13 turn to some other solution.

14 It is another aspect of the question is
15 the political one and we've all seen editorials in the
16 papers that have reflected the perspective that there
17 has to be a demonstrated answer to this problem
18 dealing with spent fuel before there will be a
19 political acceptance of any growth of nuclear power.
20 I don't have any way to judge that aspect of the
21 question.

22 MS. MAUPIN: Mr. Chairman, this is an
23 associated question on Yucca Mountain and this is from
24 Headquarters.

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1 Does the Commission have any ideas about
2 how we can rebuild public confidence that EPA and NRC
3 can work together to ensure the safety of a potential
4 repository?

5 CHAIRMAN MESERVE: Well, let me say on
6 that that I think that perhaps it is unfortunate that
7 our discussions with EPA with regard to the form of
8 the Yucca Mountain standards I think have been blown
9 somewhat out of context.

10 We have a policy difference with EPA as to
11 the appropriate structure of the standards and it has
12 been portrayed in the press that the EPA is the tough
13 regulator and the NRC is the lenient regulator. I
14 don't think that's a fair characterization of the
15 issue. We are a tough regulator. We intend to be a
16 tough regulator and we had a conclusion based on our
17 policy judgments and technical guidance we provide
18 that the regulations ought to have a particular form
19 in order to achieve their objective. EPA disagreed
20 with us on that point.

21 We will now proceed to modify our Part 63
22 regulations to conform to the EPA standards as the law
23 requires and we'll apply them diligently as part of
24 the process.

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1 I should say as well that over the period
2 of the last several months that there has been a
3 process that's gone forward in the Executive Branch as
4 they have evaluated the Yucca Mountain standards. We
5 participated in that process, it's an OMB run
6 process, along with the Department of Energy. We made
7 some recommendations. Some of them were not accepted
8 at the end of the day, but there are other changes
9 that were made to accommodate us that had to do with
10 implementation of the standards, so that this was not
11 a situation in which EPA at the end of the day have
12 said no, we're just going to ignore NRC. I think they
13 weighed our comments and reached a different
14 conclusion and perhaps some of us would have reached
15 as to the form of the conclusions, but we'll move on.
16 In other areas where they deemed it appropriate to
17 consider our comments, they did so.

18 So I see this as a situation where we have
19 many areas of cooperation with the EPA and we are
20 going to have cooperation with EPA in this area as
21 well.

22 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
23 might add I think the questioner does have a point.
24 Whatever happens on Yucca Mountain there are
25 continuing difficulties in dealing with EPA which at

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1 least there were up until the end of the last
2 Administration in decommissioning space and other
3 areas other than Yucca Mountain where the same issues
4 tend to come up is a 25 millirem all pathway standard
5 for decommissioning which is what our standard is,
6 adequately protective of public health and safety. We
7 believe that it is. EPA by guidance for many years has
8 touted a 15 millirem all pathways together with a
9 groundwater standard that is 4 millirems to any organ
10 that we just don't believe is technically viable. It
11 ends up -- you end up regulating at very different
12 risk levels at different sites, depending on which
13 radionuclide is there. It isn't just us. It's the
14 Academy of Sciences that at least in the case of Yucca
15 Mountain has said that it didn't make sense to apply
16 the groundwater standard. There will be a groundwater
17 standard at Yucca Mountain, the de facto standard
18 there will be two tenths of a millirem per year which
19 you get at 10 hours in the Senate Waiting Room, but
20 that's what the standard is going to be and we'll make
21 it -- we'll make our rules comply with theirs and
22 we'll see if the repository can meet a two tenths of
23 a millirem standard.

24 But there's going to be continuing
25 difficulty at numerous decommissioning sites around

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1 the country when the old EPA and I hope the new EPA
2 has a different view, when they take the State of
3 Maine to task because they adopted 4 millirems
4 effective dose equivalent as their groundwater
5 standard for purposes of Maine Yankee because 4
6 millirems effective dose equivalent as the staff knows
7 is higher than many of the MCLs, they take the State
8 of Maine to task for not having a tight enough
9 groundwater standard. That's at the level of two
10 assistant administrators, that's pretty extraordinary
11 stuff and I hope and pray that the new Administration
12 will take a different approach. I'm a Democrat and I
13 hope and pray they'll take a different approach.

14 There is a fix. It was proposed in the
15 first Bush Administration. It is to go to 4 millirems
16 effective dose equivalent for beta and photon emitters
17 and to move away from 4 millirems to any organ and it
18 may require a statutory change in order to get that
19 fix at least and getting finality for our licensees.
20 Any finality for any licensee may require a statutory
21 change and the interesting thing will be whether
22 there's support for such a statutory change when the
23 Administration is fully staffed, but I fear that we
24 can say we're going to try to work and all that, but
25 there's going to be continuing battles at every

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1 decommissioning site around the country if we don't
2 resolve this issue of finality for our licensees and
3 whether groundwater standard, at least -- if they're
4 going to have a groundwater standard, whether the same
5 groundwater standard can be applied.

6 COMMISSIONER MERRIFIELD: Mr. Chairman,
7 I'll just add briefly, Commissioner McGaffigan spoke
8 about decommissioning. We do have continuing
9 disagreements there and I think the Commission has
10 committed to Congress that we're going to continue to
11 work with EPA to try to resolve that.

12 As it relates to Yucca Mountain and
13 perhaps you can put it in a positive light, our peer
14 review, in effect of what it was the EPA doing was
15 taken very seriously and in the end the Administration
16 chose not to go with what we would have done had we
17 had the sole choice, but as Commissioner McGaffigan
18 said, that's the law. EPA had the right to set that
19 value. We're going to have to amend our final part 63
20 to accommodate that and we'll move forward. And if
21 DOE proceeds with Yucca Mountain, that's the standard
22 we'll apply, salute the flag and that's where we're
23 going to go.

24 COMMISSIONER MCGAFFIGAN: The last point
25 I'll make, Mr. Chairman, the wonderful thing about

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1 American politics is the final arbiter of everything
2 is the courts and you'll probably see lawsuits from
3 both directions with regard to the EPA rule and we'll
4 probably see lawsuits from both directions when we
5 propound our rule and we will have lots of lawyer
6 entitlement going on for large numbers of years in the
7 future.

8 If you're a young person graduating from
9 law school, get involved in nuclear repositories and
10 you've got lifetime employment.

11 (Laughter.)

12 Either work for Nevada or work for the
13 government.

14 (Laughter.)

15 CHAIRMAN MESERVE: Let me say on the 4
16 millirem issue that Mr. McGaffigan talked about that
17 there is the prospect that's held open by the EPA rule
18 that they may reevaluate that issue administratively.
19 It may be possible that can be solved without as
20 statutory change and this is something that the
21 Administration has committed to do. It is possible at
22 the end of the day we may move closer to a 4 millirem
23 effective dose equivalent for Yucca Mountain or the
24 current standard as promulgated by EPA will not allow
25 that right now.

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1 Rick, do you have another question?

2 MR. BAUM: Mr. Chairman, this is a
3 question from Headquarters. The building temperature
4 in Two White Flint North is getting increasingly more
5 uncomfortable and a typical hot Washington area
6 temperature has not hit us yet.

7 There is no question that staff
8 productivity suffers towards the end of the day as the
9 temperature and the air quality gets worse. Is the
10 Commission able to do anything about this?

11 CHAIRMAN MESERVE: We do have some
12 constraints that are imposed on us. There's an
13 Executive Order specifically on this issue and there's
14 some temperature, believe it or not, there is an
15 Executive Order and there are temperature bands within
16 which thermostats are supposed to be set and the
17 temperature bands go as low as 68 degrees in the
18 winter and I believe the upper limit for the summer is
19 78 degrees.

20 And we're required to comply with those
21 requirements. If anybody is in an office that exceeds
22 those limits we have the capacity to make adjustments
23 to make your life more comfortable and I'm sure that
24 the people who operate our building and Ms. Norry
25 would be happy to respond to complaints.

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1 (Laughter.)

2 I told you I'd get even with you.

3 (Laughter.)

4 Do you have another question?

5 MS. MAUPIN: Yes sir. Mr. Chairman, this
6 is a question from the Regions. What strategic
7 decisions need to be made regarding reorganizing the
8 NRC to respond to our changing environment?

9 CHAIRMAN MESERVE: Well, I think the fact
10 of life for everyone who is in this tent is they have
11 had to respond to changing environment with which we
12 find ourselves. Perhaps the most striking and recent
13 change is this possibility for new construction and in
14 order to accommodate that there has been this new
15 office that's been established in NRR in a counterpart
16 group within Research. That's a preliminary effort to
17 try to make sure we have our arms around the scope of
18 the problem, recognizes the resources that would have
19 to be applied in the event we were to get an
20 application to be able to prepare for the possibility.

21 I think we've similarly been able to
22 organize ourselves to deal with relicensing, whereas
23 a couple of years ago people had not anticipated there
24 would be this great interest that we now find in the
25 life extension among our licensees. Now it is likely

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1 that virtually all the nuclear power plants will come
2 in and seek life extension.

3 So I think that one of the enduring facts
4 of life that we're going to have here is that we're
5 going to have to structure ourselves in order to be
6 able to accommodate changes of this kind in our
7 workload. I think at the Commission level and I know
8 at various levels within the Commission, we want to
9 make sure we can facilitate these changes in a way
10 that cause the minimum disruption of people's lives,
11 but on the other hand enable us to do the work that
12 needs to be done.

13 I hope that everyone views that as an
14 opportunity as part of the excitement of the job. And
15 something that gives fulfillment to everybody going
16 forward. We're doing important work.

17 COMMISSIONER MERRIFIELD: Mr. Chairman,
18 this is a question that comes up every year. And the
19 question is centered around where we stand vis-a-vis
20 the Regions and we have been hearing from NEI that
21 gee, maybe one way that we can save some money is
22 restructuring and do something different with the
23 Regions.

24 I think in years past, I think all of us
25 at various points have said how much we value the

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1 Regions and we see them, a future for them in the
2 Commission moving forward.

3 The fact is that when you look at this
4 Commission versus where we were 10 years ago, we've
5 had a lot of changes. We've had to respond in that
6 period of time to the challenges before us. If you go
7 forward 10 years, I think you'll see that we have to
8 respond to challenges as well.

9 In the end, are we going to have Regions?
10 I think the answer to that is yes. Are they going to
11 look exactly the way they are right now? I think
12 there's a real question mark to that. But given all
13 the significant issues we have before us right now,
14 license renewal, license transfers, potential for
15 Yucca Mountain, other materials issues, willy-nilly
16 doing a lot of changes right now doesn't seem to make
17 a lot of sense, but will we evolve? We'll have to in
18 order to maintain the level of high performance we've
19 had in this Agency over the last few years.

20 CHAIRMAN MESERVE: Let me add, I had not
21 appreciated the thrust of the question as Commissioner
22 Merrifield did, this question about the Regions,
23 whether we're going to have the Regions. There was a
24 statement that was in the NEI testimony that had

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1 suggested that that would be a way to achieve
2 efficiency.

3 It was in the written form of the
4 testimony. It was not something that was said orally
5 at the hearing. Nonetheless, it's there. I just want
6 to say that this is not a matter that is currently
7 before the Commission for our evaluation or
8 consideration.

9 I guess we have time for one more
10 question.

11 Rick?

12 AUDIENCE MEMBER: Mr. Chairman, my
13 question is with regards to Starfire. I'm a bit
14 concerned with this because the Agency has been
15 talking about going to this about a year now and with
16 all the problems that the Commission encountered with
17 ADAMS and ADAMS was a mandatory training process for
18 all employees, however Starfire isn't. I'm a bit
19 concerned about whether or not the Agency is going to
20 have a strong backup plan for Starfire?

21 CHAIRMAN MESERVE: Let me say that we have
22 postponed the rollout of Starfire for I think over a
23 year now in order to assure that the bumps and
24 problems associated with its introduction were ironed
25 out before we subjected you to it.

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1 I think there is a problem in an
2 accounting system, obviously, that you need to have it
3 be 100 percent there and 100 percent accurate from the
4 day that it starts, just because of the problems in
5 dealing with money if you don't have that kind of a
6 system in which you can rely. So there's been
7 extensive effort that's been undertaken by the CFO
8 with the assistance of the CIO to try to make sure
9 that this system is one that is functional and that we
10 will not have the kinds of problems that we've had
11 with ADAMS, associated with its rollout. And that has
12 included extensive pilot effort where a large segment
13 of the staff have been using Starfire. Unfortunately
14 for them, they've had the burden of also using the
15 parallel system which is the real one to make sure
16 that we have a system with results that are identical
17 through both systems and where we have the problems
18 are ones that are exposed and can be corrected.

19 So this is something that -- which a lot
20 of attention has been paid in order to assure that we
21 have minimum problems when Starfire was rolled out.
22 I can't tell you it's going to be problem-free. No
23 one can make you that promise, but I think it's been
24 very aggressive efforts and that in order to assure --
25 give us some assurance about reliability and about its

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1 capacities before we force this on the entirety of the
2 staff.

3 AUDIENCE MEMBER: Are we going to have a
4 really good backup plan in place? We didn't seem to
5 have much of that as far as ADAMS was concerned.

6 CHAIRMAN MESERVE: I think the whole point
7 of this process has been to have the confidence that
8 this system will operate on the day we start it
9 because of the problems in cutting over from one kind
10 of accounting system to another, so you need to have
11 something in which you can have confidence from Day 1
12 that's going to work.

13 AUDIENCE MEMBER: Thank you.

14 CHAIRMAN MESERVE: One more question.
15 Rick?

16 MR. BAUM: This is another Headquarters
17 question. This is actually a follow-up on FTE issue.

18 Given that many branches and organizations
19 at NRC, a number of a staff, 55 and up, 55 percent, 60
20 percent and 70 percent of the staff, how is the Agency
21 planning for the huge portion of staff retiring in the
22 next two to three years?

23 CHAIRMAN MESERVE: This is a very, very
24 serious issue. We have across the Agency, we have now
25 five times as many people over 60 as we have under 30.

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1 People talk about the aging problem in NASA and their
2 ratio, as I understand it is between 2 and 3 to 1.
3 And so this is a consequence of the fact that we have
4 had a declining budget and declining FTEs and we've
5 been able to accommodate that by basically not hiring
6 over the years to -- at the same levels which people
7 were leaving the Agency. That has changed the
8 demography of the Agency over time so that we are
9 older than we were years ago, collectively and on
10 average.

11 We do have a challenge that we need to
12 have a strategy to be able to deal with that
13 situation. We had a briefing by -- of the Commission
14 just yesterday in which we had a presentation on how
15 we're going to deal with this and related manpower
16 issues. It does involve the very aggressive efforts
17 and recruitment and making sure that we hire people,
18 making sure we hire them in a timely fashion so that
19 there is a capacity for people who have been doing
20 jobs and are skilled at the jobs to serve as mentors
21 and to train the people who are going to be their
22 successors. And to try to recognize where these
23 situations are going to arise and make sure that we
24 have continuity in our performance of the staff.

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1 Let me say as well that one of the things
2 that we have sought to do is to eliminate a problem
3 that arises in federal law if we attempt to hire a
4 retired NRC employee to come back on a consulting
5 basis to fulfill a need. This obviously is a n
6 enormously valuable resource for us, people who really
7 know our culture, know the job and might be available
8 to us on a part-time basis in retirement to be able to
9 help us fulfill our obligations.

10 As it turns out, the way the federal
11 system operates, if somebody comes and works in that
12 way for us, it's a direct offset against their
13 pension, so basically they're working for us for
14 nothing.

15 We have gotten a temporary waiver
16 authority so in an emergency basis we can deal with
17 this situation and can hire people without them not
18 having that disadvantage, a limited number, and we are
19 trying to seek some statutory changes in order to
20 facilitate our capacity to do this on a broader scale.

21 I don't know whether we'll be successful
22 in this, but manpower issues are ones that are --
23 people are now recognizing exist throughout the
24 federal government and we have them particularly at

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1 the NRC and we are very worried about it and have a
2 program to try to address is.

3 COMMISSIONER MERRIFIELD: I think, as you
4 can tell by the Chairman's comments, the Commission is
5 engaged and very actively in this issue. We had a
6 meeting yesterday on this. We have asked Congress for
7 additional tools to allow us to retrain and hire and
8 maintain a qualified work force here at this Agency
9 and one of the things that the Chairman said and you
10 had to listen very closely, he said that the ratio of
11 workers who are over 60 to those who are under 30 is
12 5 to 1. In comments that we have all made in the --
13 two months ago we would have said 6 to 1. And that is
14 reflective of the fact that the folks in HR have been
15 working very hard to bring new people into the Agency.
16 And so I think there's a demonstrated fact of a
17 recognition that we know is a problem and also a
18 commitment on the part of the Commission itself as
19 well as senior management to identify the tools we can
20 to make sure that we solve it.

21 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
22 might just add, one of the things that became clear
23 yesterday is that the different offices have different
24 problems. NMSS has different issues from NRR and from
25 Research and the interesting thing is that we have

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1 this quiver of instruments that we can use under
2 current law to try to deal with the problem and
3 different offices are going to choose different
4 instruments, depending on what their needs are. The
5 NMSS, for example, is looking at the Center for
6 Nuclear Waste Regulatory Analysis in San Antonio and
7 whether there's some additional ways we can use them
8 and that's unique to NMSS.

9 Research has other approaches. OGC sees
10 some of the arrows in our quiver as being particularly
11 appropriate to them, being able to pay back education.
12 The law now allows up to \$40,000, \$6,000 in any one
13 year to be paid back to prospective employee and
14 that's attractive for people who build up large debts
15 going through law school. So there's different
16 approaches and the interesting thing is that the staff
17 at the office level has an approach and I'd actually
18 encourage the Office Directors, we are talking about
19 internal communication a lot today, maybe some of the
20 slides that were used yesterday with us could be used
21 with their own internal staffs to sort of tell them
22 what the general plans are for trying to deal with
23 their particular office's issues.

24 CHAIRMAN MESERVE: I'd like to thank you
25 all. This was very interesting for us, the questions

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1 were very interesting for us to hear. I hope you
2 found the answers interesting.

3 In any event, I appreciate your coming.
4 This is a valuable session and with that, we're
5 adjourned.

6 (Whereupon, at 3:07 p.m., the meeting was
7 concluded.)

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