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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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ELEVENTH ALL-HANDS MEETING WITH THE COMMISSION

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WEDNESDAY,

JUNE 26, 2002

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ROCKVILLE, MARYLAND

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The Commission Meeting with All Employees was held on the Green at the U.S. Nuclear Regulatory Commission, 11555 Rockville Pike, Rockville, Maryland, at 10:30 a.m., Richard A. Meserve, Chairman, presiding.

PRESENT:

RICHARD A. MESERVE	Chairman
NILS J. DIAZ	Commissioner
GRETA JOY DICUS	Commissioner
JEFFREY S. MERRIFIELD	Commissioner

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

(10:33 a.m.)

MS. NORRY: Good morning, good morning, good morning.

I'm not sure if the people standing in the back have official duties, which is fine, but anyone who is standing, there is obviously plenty of seats. So I'd like to suggest that anyone who has not yet taken off their jacket, please do so.

Thank you, Paul, for taking your jacket off. We have a good example up here. Okay.

I'd like to welcome all of you to this eleventh all hands meeting with the staff and the Commission, with Chairman Meserve, Commissioner Dicus, Commissioner Diaz, and Commissioner Merrifield. Commissioner McGaffigan was unable to be here today.

With the exception of 1993, we've done these meetings every year since 1991. We have -- the regions and the technical training center can see this on video. The resident sites are tuned in by audio.

And after the Chairman makes his remarks, there will be time for questions, and there are lots of microphones. But we also had an opportunity for you to submit questions in advance, and some of you did that, and there are cards for anyone who would

prefer to have their question read as opposed to asking it from one of the microphones.

So we hope that there are lots of questions. The Commissioners are eager to answer them. So if you'd just write your question down on a card, pass it over to one of the staff members, and we'll give it to the people who will be reading the questions, and who also will be reading the questions that have been phoned in from the regions.

I'd like to introduce the people who will be reading the questions, and those are Cathy Grimes -- Cathy, can you stand up? From Research. And Keith Everly from NSIR. And our interpreter today is Megan Adams, and we want to thank all of those people for their help.

I would also like to acknowledge that we have officials of the National Treasury Employees Union sitting down here in front, and there is water in the back, in case people feel the need for water.

And now I'd like to turn this over to Chairman Meserve.

CHAIRMAN MESERVE: Thank you, Pat.

Good morning, and welcome to the NRC's annual all employees meeting. As Pat has indicated, joining me this morning are my colleagues Greta Dicus,

Nils Diaz, and Jeffrey Merrifield. Commissioner McGaffigan, as Pat indicated, had a prior commitment, but he did ask me to express his regrets that he could not join us today.

We want to extend a warm welcome to those of you who are here in the tent. In fact, given the weather, I'm afraid we're extending you a very warm welcome.

(Laughter.)

We also welcome our employees in the regional offices at the technical training center in Chattanooga and at remote sites throughout the country.

In preparing for this meeting, I was struck by the fact that the Commission has held these sessions in the tent for, as Pat indicated, slightly over 10 years. This is long enough for the meeting to acquire the status of a tradition, part of the legends of the tribe so to speak.

As you know, this is your opportunity to ask questions of the Commission, and we will do our best to respond. I have been told that there have been some very spirited sessions over the years. And as I look out over this audience, I can sense a few spirited, maybe even legendary, questions that are in

the early formative stages. I expect our interactions this morning to be interesting.

Before we turn to questions, however, I want to take a few moments to give you my sense of the challenges that the NRC faces. Since our last all employees meeting, the NRC's external environment has changed significantly.

You may recall that at this time last year I outlined a series of issues, most of which are still with us -- improving our communications inside and outside the agency, making progress on risk-informed regulation, and preparing for the renaissance and the prospects for nuclear power, among other issues.

The set of challenges I want to discuss today have nearly all arisen within the past year, reflecting the extraordinary times in which we live. Of course, extraordinary times call for extraordinary responses and a willingness to look at the world in new ways. If that sounds complex, I want to assure you that it is complex.

If it suggests to you that the agency must demonstrate faster flexibility and faster response, you are correct. And if it sounds as if there is a new sense of urgency and importance in the work that all of you perform, you are right again.

These extraordinary times call for a renewed sense of commitment if we are to meet the challenges that lie ahead of us. The first of the challenges relates to security. The events of September 11th had a profound impact on nearly every American, but they have had an even greater impact, and a permanent one, on the role of performance and public perceptions of government, including the NRC.

National security issues, of course, have always come within the province of the Federal Government. What is new following the events of September 11th is the expansion of the scope of national security concerns. For example, it would have been hard to imagine that a lost Troxler gauge could be seen as having national security implications last year.

Today, that same lost gauge might be seen to provide the means for a terrorist to make a radiological dispersal device. This possibility puts the NRC not only at the center of a developing controversy, but also thrusts us even more centrally into the national security arena.

I can remember not long ago when we would emphasize one aspect of our mission -- the obligation to protect the public health and safety. Now

attention is focusing as well on another phrase in the Atomic Energy Act -- the need to provide for the common defense and security.

Depending on your perspective, this development can be seen as something entirely new or as a return to a much earlier phase in the history of nuclear regulation. What is beyond doubt is that the current security concerns must be addressed, placing a premium on high quality performance by the NRC.

As you know all too well, the current and growing concerns about radiological dispersal devices are only the latest in a wave of issues that have arisen in the aftermath of September 11th. The NRC acted within minutes of the terrorist attacks placing our licensees on high alert.

As I speak to you this morning, our licensees are still on high alert. We also initiated a comprehensive review of all of our security policies and, in a move that affected many of you directly, created the new Office of National Security and Incident Response.

At the same time, we have issued, and are continuing to issue, a series of orders to our licensees imposing interim compensatory measures to enhance security. We have taken timely and

appropriate steps to meet our obligations.

On behalf of the Commission, I want to thank you for your extraordinary response to the security challenges. I believe that we have performed well. Nonetheless, we have more that needs to be done.

The Commission is addressing ICMs for further licensees and is engaged in revising the design basis threat. We have to work out a relationship with the new -- with a new cabinet-level Office of Homeland Security on which the Congress has pledged to complete action by September 11th of this year.

We also must establish genuine cooperation among NRC component offices on security issues, develop a stronger skill base in the security area, and work to achieve a balance between our long-established policy of openness and the need for protection of sensitive security information.

For the longer term, we need to avoid complacency about security in the absence of specific credible threats, to acknowledge that the events of September 11th have generated new public concerns about nuclear power that need to be addressed, and to recognize that safety and security of licensed

facilities and materials are inextricably intertwined.

Although security by itself presents challenges that could occupy our attention for the indefinite future, we also have another major challenge looming just over the horizon. I'm referring to the licensing of a possible waste repository at Yucca Mountain.

I spoke about this subject at length at the OIG Planning Conference a week or so ago, and so I will keep my comments here brief.

I'm convinced that the agency is rapidly approaching one of the most formidable challenges in its history. If Congress approves the President's recommendation, then we may receive an application from the Department of Energy for a permit to construct the repository as early as December 2004.

The NRC would then have up to three years -- it would then have three years, with the possibility of an additional year extension, to decide whether to grant the license. This may sound like ample time. But if an application is submitted, the administrative proceeding will be massive, perhaps as large as any the agency has ever seen.

I reach this conclusion because of the complexity of the technical issues and the vigor with

which the opponents of the repository are expected to litigate. Indeed, I anticipate that no single NRC decision or set of decisions since the response to Three Mile Island is likely to be scrutinized as closely from a technical, legal, and public policy standpoint, as the decision regarding this one-of-a-kind facility.

Our proceeding and our decisionmaking process will become the primary focal point for all opposition to the repository, as well as the subject of extensive media coverage. We will need to maintain technical excellence, procedural fairness, and scheduled discipline.

Let me turn now to the reactor arena. Here, too, we continue to face challenges, not the least of which is the need to maintain our focus on safety. My earlier comment that security and safety are intertwined does not mean that we can afford to become preoccupied with security at the expense of safety.

Indeed, the assurance of safety is the one issue that will never go away, as the recent experience with Davis-Besse indicates. In fact, the degradation of the vessel head at Davis-Besse was a very serious event and was made worse by the failure

to detect the degradation sooner.

This issue has implications for licensee performance as well as for the NRC and its reactor oversight program.

One important challenge continues from last year -- maintaining pace with the nuclear renaissance. The enthusiasm for nuclear power is reflected in the continuing flow in applications for power uprates and license renewal, and in TVA's decision to restart Brown's Ferry 1.

We anticipate three applications for early site permits in 2003 and 2004. And the interest in new reactor design continues, although now involving somewhat different technologies than we would have expected just a few months ago.

Exelon has pulled back from its commitment to the pebble bed modular reactor, but we are seeing growing interest in other designs. We are undertaking design certification for the Westinghouse AP1000, and the staff are undertaking preapplication discussions with regard to four other designs.

All of these developments show that we have to be very flexible in applying resources to ensure that we are ready to respond to new initiatives as they develop.

Finally, let me mention just one other fundamental issue -- the human capital challenge. When I first expressed concern about this issue a year ago, we had a crisis on our hands arising from the demography of our agency. The ratio of employees over 60 to those under 30 was six to one.

We have taken aggressive action to reduce this ratio to three to one as of today, largely through persistent recruiting efforts that have helped turn the tide.

We now need to focus attention on assuring the appropriate skill mix for the NRC. In that regard, I have already alluded to the need for more security expertise as a direct result of the increased threat environment. We will also, I believe, need to evaluate our organizational framework on a continuing basis, to ensure that we are structured to address effectively the many challenges before us.

Let me stop there. It is not that I have run out of challenges, but I want to leave room for your questions. If there is a common theme to the issues I have mentioned today, it is the need for flexibility, for looking at the world with a perspective that is informed by the past but not bound by it and for bold thinking and action where

warranted.

If this were a typical federal agency, I would have some concern about our ability to handle so many new challenges. But my colleagues and I know, based on our experiences with you, that if any organization can handle this complicated web of issues it is this one.

This is a great agency with skilled and dedicated people. The Commission looks forward to working with you today and on into the future.

Thank you.

Why don't we turn the session over to some questions. A few questions from the floor, and then we'll take some from the remote sites. Cathy or Keith, do you have any backlog of questions over there?

MR. EVERLY: Yes, we do. This is a question from headquarters. Will we have to RIF anyone to meet the President's competitive sourcing goals?

CHAIRMAN MESERVE: Let me say that this agency has had a long history in which you've been able to respond to various changed circumstances without the need for a reduction in force of our personnel. And I anticipate that as we go on to the

future that we will make every effort to continue to apply that policy. And there is no indication at the moment that our obligations to comply with the competitive sourcing goals will result in the need for any reductions in force.

Keith or Cathy? I don't -- let me not discourage anyone from coming to the microphone as well if there are any questions, but, Keith or Cathy, do you have another question?

MS. GRIMES: This question is from one of the regional offices. The staff has heard that workforce restructuring options are being considered by the Commission. What information can you share about this, and what are the timeframes for any decisions?

CHAIRMAN MESERVE: We had an obligation to submit a document to the NRC -- excuse me, to the OMB in response to their request for restructuring information. And a draft of the document was submitted. It did cover some of the restructuring actions we've already taken, which is the creation of the new reactor licensing office, the creation of the nuclear security incident response office, as examples of major restructurings.

There is a proposal that is part of that

matter that has to do with some restructuring in the materials area, and in regard to the licensing of fuel cycle facilities, that would involve sort of refocusing the efforts in certain of the regions. That is a matter that has not been redressed by the Commission. It is something that is subject to our consideration now.

So there is a proposal that is available. It would not result in the need for anybody to lose their job, and we anticipate it would not result in the need for anyone to move, if it were accepted, and there would be telecommuting and other possibilities that would result. And this is not a matter, let me emphasize, on which the Commission has reached a decision as of yet.

MS. GRIMES: Thank you.

MR. EVERLY: We've got another question from headquarters. What is the impact on NRC of the creation of a new cabinet-level Department of Homeland Security?

CHAIRMAN MESERVE: Let me say I think that the -- all of the implications of the new department are unfolding now and that this is a matter that obviously will require extensive Congressional scrutiny. And the exact shape of the final department

is going to be the result of not only the President's proposal but also a lot of evaluation and presumably modifications in the proposal that will be introduced by the Congress.

We are not aware at the moment of any direct impact of -- that the creation of the new department would have on us and the activities that we undertake. We have had very close interactions with the Office of Homeland Security since its creation, and I would anticipate that those close interactions would certainly continue and probably expand if a new department were created. But at the moment, we don't see any direct impacts on the NRC.

Keith or Cathy, do you have another question?

MS. GRIMES: Yes. This is a question from one of the regional offices. Will the agency implement controls to ensure that the employee information and the strategic workforce planning database will not be used to create an elite group of employees?

CHAIRMAN MESERVE: Well, let me say the whole purpose of this effort is in order to assure that we provide productive and useful jobs to the staff that we have. As I explained in my opening

remarks, and as I'm sure all of you are aware, we have a constantly shifting set of challenges that we have to confront as an agency.

And we have an obligation to try to shift resources, so that we have the people who have the knowledge base and experience to be able to deal with the issues with which we are presented. And so this is a tool that is intended to make sure that we have knowledge about skills that exist in the staff about which we might otherwise not know.

And so rather than this being a mechanism that -- which favors elitism, it is, in fact, aimed to assure that we reach out to the full scope of NRC employees and deploy the people who have knowledge that might otherwise not be deployed in dealing with issues.

It also, of course, provides a mechanism for knowing where we have gaps in our knowledge, and it provides opportunities for people with training to enter that kind of information into the database and then to -- then that opens other employment opportunities for them. So this is -- the aim of this is to increase the opportunities for NRC staff rather than to restrict it.

CHAIRMAN MESERVE: Mr. Chairman? If I can

add a couple of comments to that. I think the concern behind this question and others is, does the Commission value the employees that we currently have? And the simple answer to that question is a very enthusiastic yes.

There are no better people than the people we have within the agency. And so I think there is going to be a maximum effort to retrain those and give people here the skills that they need to succeed to the highest of their potential.

There is virtually no one in this agency who has not learned more or gained more in the time that they have been here. No one here is relying merely on the skills that they received in college.

And one of the obligations I think that we have, and one of the challenges that we have working with Mrs. Norry and Mr. Byrd, and the folks down at the TTC, is making sure that we can continue to bring training and skill sets to the table so each member of our workforce can live up to the full potential of his or her value.

And as part of this workforce effort, I think we should be mindful of that as well, because we want to keep our folks, we want to keep them well trained, because we are very happy with the work we've

gotten so far.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: Do we have a question here?

AUDIENCE MEMBER: Yes. I would like to know how you would simply characterize improvements in security from a -- in the last -- since September 11th if a friend, a family member, or somebody on the street were to say, "What has the NRC done to make things safe or safer?"

CHAIRMAN MESERVE: Well, let me say that I -- that we have taken many steps since September 11th that have resulted, in my view, in a significant augmentation of the security that exists among our licensees. Most of the public has a particular concern about nuclear powerplants.

We had serious security that existed at those plants before September 11th. As a result of our advisories and the orders that we have issued, the capacities that existed at the plants have been strengthened very significantly. There are more guards that are more heavily armed. There are more patrols. There are greater standoff distances for vehicle bombs.

There is greater controls on access.

There is improved communications with local law enforcement and the states and the National Guard and the Federal Government. They have this whole series of steps that have been taken that have very significantly strengthened the security.

And I think it is an important message that I think that those of you who are familiar with this might seek to convey if you agree with me. If you disagree with me, you say what you think. But if you agree with me, that I don't think the American public has the appreciation they should, that the gold standard for the protection of the civilian infrastructure in this country is nuclear powerplants.

We would be very, very fortunate if there were other parts of infrastructure that had half of the security that now exists at nuclear powerplants.

And I don't know if you saw the article that was in The Washington Post a few weeks ago that talked about the consequences if there were a successful attack at a chemical plant. I cannot vouch for the accuracy of these numbers. There was an assertion in that article that there was an EPA study that said that there could be a million casualties if any one of 123 chemical plants in this country were the subject of a successful attack. And that there

are over 700 plants that would pose the danger of 100,000 casualties.

We do not have the security at those kinds of facilities that's anything like a nuclear powerplant, and we don't threaten anything like those kinds of risks to the public.

So we have taken a whole lot of steps to enhance security, and there's a lot of things that all of you have seen to enhance our capacity for the future, in terms of creating the new organizations, improving our communications, getting clearances for licensee staff, so that we can communicate more directly on intelligence information, close coordination with other agencies in government that's growing closer every day on the law enforcement and the intelligence side, all of which gives us a greater capacity for the future than we have today.

COMMISSIONER DIAZ: If I may add something to that, you know, the entire country, of course, has much more awareness and sensitivity to what physical security is. I think that's across the land, and I think it's one of the most significant improvements we have made.

I think in the NRC what we have tried to do is capture that awareness and that sensitivity and

put it in practice and measure steps to try to make sure that we are taking care of what needs to be taken care of.

COMMISSIONER MERRIFIELD: I'll chip in, too. On September 11, 2001, the 103 operating nuclear powerplants that we regulate were the most heavily defended and physically robust publicly-owned facilities in the United States. We have taken very active measures, and they remain and will remain the most heavily defended and physically robust facilities -- industrial facilities in the United States.

CHAIRMAN MESERVE: Keith?

MR. EVERLY: This is another question from headquarters. Why is our Social Security Number encoded on the bottom of our badge?

CHAIRMAN MESERVE: Yes. The question has to do with the fact that if you look at the bottom of the badge there is -- in mine at least there is a -- the actual number I see is not the Social Security Number, but there is a bar code. And it is my understanding that the bar code at the bottom of the badge does -- is an encoding of your Social Security Number, and there has been a question raised about whether we're adequately protecting the privacy of individuals.

The actual Social Security Number is not visible on the badge. You'd have to have the capacity to read that code. There has been an effort that has been made to take the badge to several merchants in the area and see if their bar code readers could read the badge and would display the bar code. And it turns out that has not been successful.

So I'm not sure that there is great vulnerability to any of us that their Social Security Number would be exposed as a result of someone certainly seeing your badge -- they wouldn't be able to read the -- your Social Security Number from it. Even if the badge were lost, there's hurdles that would have to be overcome in order to read the bar code.

So I'm not sure there's a great vulnerability there, and so -- and the notion has been to maintain this in light of that fact, because this same bar code and this whole same system has used some other personnel systems here at the NRC.

Other questions?

AUDIENCE MEMBER: Mr. Chairman, this is concerning the future potential NRC oversight of DOE laboratories. How will the potential conflict of interest of NRC programs be addressed in that case?

And also, how will the potential conflict of interest of NRC licensees support supported programs at DOE laboratories? And there might be other issues as well that you might want to address. Thank you.

CHAIRMAN MESERVE: Well, there is a -- there's been consideration from time to time of the prospect that the NRC might assume regulatory control of DOE facilities. This was a proposal that had been made many years ago to Hazel O'Leary when she was the Secretary of Energy, and she was a supporter of it.

The subsequent secretaries have had diminished interest in pursuing this issue, although the current department is at least interested, I understand, in exploring the issue, and they have been directed, in fact, to do so by the Appropriations Committee.

The focus at least initially was to explore the possibility of whether the NRC would assume regulatory control over the 10 DOE science laboratories. That would -- and you know many of them -- Brookhaven and Argonne, and some of those -- and not the weapons-related facilities.

This is a matter that is being evaluated, and there is an obligation to submit a report that -- by DOE with some assistance from the NRC on this

matter.

I would expect that if this goes forward then there obviously are -- there are not pure conflict of interest matters in the sense that this is -- these are facilities that are owned by DOE, but they are operated by other -- by others. And so we would -- I think we would treat them as we would any other licensee.

There would have to be some corrections to our appropriation, so that the costs associated with our assuming this role, if it were to occur, would be incurred by the Federal Government rather than this would be a burden that would be placed on our licensees.

I would anticipate that if this goes forward, and I think it's very uncertain as to whether it will, that those sorts of issues would have to be worked out, but there clearly would have to be an obligation by DOE or the Federal Government in some fashion to pay the costs associated with the regulatory oversight.

Keith, do you have another question?

MS. GRIMES: I have a question from one of the regional offices. Why aren't all NRC employees being issued KI tablets and N95 filter masks?

CHAIRMAN MESERVE: Well, there was a recent SRM that the Commission issued that said the NRC would provide KI tablets to our inspectors who are at nuclear powerplants.

As we know, KI is -- potassium iodide is a matter that before September 11th we had required the states to consider as part of their emergency planning for people within the 10-mile zone around a nuclear powerplant. And they have long provided KI at licensee sites for licensee workers and emergency workers.

Those KI supplies at the licensee zone would have been ones that would have been accessible to the inspectors, but the Commission recently directed that we should assure that our inspectors have their own supply that would be supplied by the NRC.

We have not envisioned the provision of masks to -- by ourselves to employees. In fact, I think the system by which masks are usually provided is as a requirement for fitting, for training, on how to -- and on the use of them. And so -- and, of course, they filter dust, and that may not be all of the radionuclides to which you could be exposed.

But the aim would be that if there were a

situation in which the usage of masks were necessary by NRC employees that we would get the benefit of the licensee programs to provide those devices in light of the fact that they have an established program to do that. And it would be very difficult for us, from a variety of different sites around the country, to have an appropriate program given the need for fitting and inspection and training.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: Other questions?

MR. EVERLY: This is another question from headquarters. What is the probability that the Congressional proposal to federalize nuclear plant security will go forward?

CHAIRMAN MESERVE: Well, there are proposals that are pending in both the House and the Senate on this issue. I think that I am not someone who can provide you with a skilled political prognostication on this issue. But I am -- have not sensed that there is great enthusiasm for the passage of that legislation.

As I think all of you know, the NRC has opposed the federalization of the guard forces. We have done that for several reasons. Among them is the fact that we see it as posing a danger for us, that it

might deflect us, to some extent, from our central mission. And that if we were to have responsibility for federal guard forces as part of the NRC staff, we would have 5- or 6,000 additional employees, and we would become principally a security agency. We would also have some safety responsibilities.

And, you know, we have an abiding obligation in the safety arena that we would not want to be deflective.

I think it also creates some serious problems at the sites themselves, and it creates a divided command and control structure. You can imagine a situation at a powerplant in which there was a need to take action, and the complications that would arise if the safety obligations were held -- being managed by the licensee, the security obligations were the responsibility of an entirely separate chain of command.

You might have a situation where the safety people need to get into a building and want to get into a building, and the security people want to keep them out, and the conflicts that could arise under emergency situations. And so you need to have an integrated -- you need to have an integrated framework to be able to deal with these issues.

And I think the current structure where both the primary obligations for safety and security remains with the licensees is the way to make sure that those issues are resolved appropriately and can be resolved quickly.

MS. GRIMES: This question is from headquarters. Why isn't the staff informed when the Chairman will appear on TV and interviews, etcetera, so that we can watch?

(Laughter.)

CHAIRMAN MESERVE: Well, let me say that I am interviewed from -- far more times than, in fact, I appear. And so I think that -- and there is also always uncertainty about when you're interviewed it may be within the prospect that you will appear on a show at a certain time, and it turns out that it either gets used earlier or more likely gets used later, if used at all.

And so I am -- I'm not sure that we could provide you with reliable information as to whether and when any segment that involves an NRC person in an interview is going to appear on TV or the radio.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: I also -- actually, I must admit, I have not felt that it was necessarily

even of great interest to you in my own case, but that --

COMMISSIONER DIAZ: There is the issue of unnecessary burden.

(Laughter.)

CHAIRMAN MESERVE: Thank you, Nils.

(Laughter.)

Other questions?

MR. EVERLY: This is a question from headquarters. If terrorists flew an aircraft of any size into the reactor building of an operating reactor, even if there was no release of radiation, how do you feel the NRC would be judged by the public with regard to preparing for such an event following 9/11?

CHAIRMAN MESERVE: Well, I guess all of us can make our own judgments about the -- how the public reacts to events. I would hope that if there were an aircraft attack at a nuclear powerplant, and the consequence was that there were no health effects to the staff or to the surrounding community, that this would be viewed as reassuring to people.

And, after all, these are massive structures that will provide a measure of protection against attacks of all kinds, have redundant safety

equipment which would obviously be assistance in that circumstance. And if we were to have a real test and -- which demonstrated the capabilities of the plants, although not designed for this purpose were sufficient to be able to prevent adverse consequences, I would hope this would be seen as reassuring.

COMMISSIONER MERRIFIELD: Mr. Chairman, I would add, too, that I think this is clearly an area where, you know, our involvement is in protecting the reactor. And the issue of airplanes being used as missiles is obviously an issue which falls most directly under the Federal Aviation Administration.

And I know our staff, under the direction of the Chairman, has interacted quite significantly with the FAA, both in terms of interacting relative to the reactors and other facilities -- significant facilities that we regulate, as well as the Department of Defense trying to make sure that we have the right kind of information exchange about where our facilities are and how other members of the federal family may be able to help.

At the end of the day, the security of jumbo aircraft is a responsibility that falls under the FAA, in terms of making sure that individuals who wish to do damage are not allowed onto the planes to

begin with, that there is the appropriate defensive strategy in the cockpits, either through the use of air marshals or bolstered security doors, and where, if necessary, a defense-in-depth philosophy that would provide for interception by appropriate national defense systems to take care of all of that.

And I think, you know, as a result of the interactions and the briefings that the Commission has received -- and this is obviously something that the FAA and the homeland defense folks are taking quite seriously and have practiced the various elements of that defense-in-depth strategy, with the hope that we will never be challenged in that instance of having to worry about a U.S. or other civilian aircraft being used as a threat -- as a cruise missile against one of our -- of the plants that we regulate.

COMMISSIONER DIAZ: But yet there is one aspect of it that is really in our plate, and it's even, you know, if an attack takes place and, you know, assuming it fails, there will be many questions asked. And those questions will be directed to us, and the question will be, what if there had been some success?

And that means that we have to be prepared with all of the other layers of protecting public

health and safety that we need to have, including very, very good, you know, emergency preparedness plans -- you know, additional capabilities for mitigation inside, and those are the kinds of things that we are definitely reconsidering, and which I think are very important for our role in this mission.

COMMISSIONER MERRIFIELD: And for that very reason, I agree with Commissioner Diaz. For that very reason, the Commission has supported a major use of our research monies to work with Sandia Labs to get a better handle on those potential consequences and how we may -- might mitigate them.

CHAIRMAN MESERVE: Other questions?

MS. GRIMES: This question is from headquarters. Following September 11th, the news media has portrayed the NRC as weak, nuclear plants as vulnerable, and they note a lack of regulatory action. What is the Commission doing to set the record straight? Why do we allow this kind of perception to exist?

CHAIRMAN MESERVE: Well, it’s a very challenging question. And I think the reality of those who have been engaged with the Commission is quite different from the story that is portrayed in many of the news media, that, you know, we have taken

a number of steps that have significantly enhanced the security at nuclear facilities.

We've been aggressive in restructuring ourselves, in improving communications, in changing the regulatory system that exists surrounding these plants. We try to get our story out. We try to do that through -- each of us through our interactions with the public and with the press, to try to tell the story about what is actually going on.

We have -- we use our website for that purpose. We have communications plans that surround each of our decisions, so that we have a systematic way to try to get accurate information out to the public.

The unfortunate thing that we confront is that there is a -- let me just say it's somewhat of a predisposition -- and many of the public -- as I think all of you have encountered throughout your careers -- to exaggerate perhaps concerns about nuclear plants, nuclear facilities, and nuclear risks, coupled in this instance with a press that is trying to promote a story that is newsworthy.

It's good news to say that plants are adequately protected. It's interesting news to say they aren't. And so we have to deal with that --

those effects as well. I think that that's just the reality of the world in which this agency has lived throughout its entire existence, and this is just -- what we're seeing is a manifestation of the context of which nuclear issues are viewed in this country.

COMMISSIONER DICUS: If I could add a bit to that, and it goes to one of the earlier questions about what can we tell the public when they ask us about what we're doing. I think also it's really important that each one of us -- we try to correct misinformation whenever we run across it.

And I think we've been very successful with that, but still, as the Chairman has said, we deal with perhaps a media that sees the -- sees things somewhat differently.

But you have a role, each of you here, and each one of us, and the regions, to -- whenever you have the opportunity -- if the subject comes up, to talk to your friends or to your neighbors and to try to do your part to correct misinformation as it occurs.

I found it to be very useful with my own friends, with my neighbors. While there's a reasonable concern which I think we all share, there is not an unreasonable concern, and they have begun to

recognize that some of the things that they hear are simply not true. So I think each one of us can do a great deal to get the really accurate information available to those close to us, because I think you will have credibility with them.

I think the other thing that we're beginning to see as we work with our other federal agencies on the securities issues, they -- number one, they've begun to realize we do exist. But they have also begun to realize that we do actually have expertise, and that we're extremely credible, and we are people that they can work with. And I think we're seeing some fruit of that as well.

COMMISSIONER MERRIFIELD: Mr. Chairman, I agree with Commissioner Dicus. And I would further add that I think it's unfortunate and a mischaracterization -- those who portray that our agency is not acting. Anyone who has said that, who has -- obviously has not been here on the weekends, late at night, at various locations, watching our employees who are working I think tirelessly -- and we've demanded a lot, and our employees have come through with 110 percent to meet these security obligations.

We are at a war, and we -- our employees

have stepped up to the bat. And I wanted to make a comment at the end, but I'll make it now. I mean, I think there is -- I think the Commission recognizes the incredible amount of work and sacrifice that many members of our staff have made, giving up nights, weekends, and days away from their family, either here or other locations.

And some members of our staff have undertaken actions which, frankly, we can't talk about in public, which are vital to making sure that our nation's nuclear facilities are secure and safe, and that the public is protected.

This Commission -- five of us -- have taken significant action to impose significant enhancements to the safety requirements of the licensees that we regulate. We've done it already. We have further actions to take. And I think we have told Congress in private -- we did so last week -- that we feel that we, as an agency, both the Commission and our staff, are taking the actions necessary to make sure that we're doing the right thing to protect the public.

And so those who try to mischaracterize or do not provide accurate information and would portray this agency as sitting on its hands are not giving the

public an accurate reflection of the work that we are actually doing.

I take it as -- this question is a takeaway. I think we can all do more. Commissioner Dicus has talked more about what you can do. Obviously, there is more that the five of us can do to make sure that we get that message out there, that we're engaged, people know that we are acting.

MS. GRIMES: Thank you.

COMMISSIONER DIAZ: I do agree with all of the statements of my fellow Commissioners. But the question and the articles just should make us pause. And in the same vein as has been espoused it's -- can we do better?

Is there something that we can do to do a better job of communicating to the public that we not only take this very seriously but have actually taken those actions that would ensure that -- that what needs to be done is being done and will continue to be done? So I think we need to question ourselves, because when we see them we say, "Well, we've done better." We know that. The issue is: how can we communicate it better?

MR. EVERLY: I've got another question from headquarters. Did you see the recent TV movie

Nuclear Twister? What did you think of this piece of work? Our website and public meetings don't stand up well to this kind of mass media.

COMMISSIONER DIAZ: This is the Chairman's prerogative to answer this question.

(Laughter.)

CHAIRMAN MESERVE: Well, actually, I have to admit that I did watch portions of the movie. I don't know if you have seen it, but it is one -- it's intended to be a serious movie, but it is one of the funniest movies I've seen in a long time.

COMMISSIONER DICUS: Yes, it's a comedy.

CHAIRMAN MESERVE: One of the high points for me was that it became important -- I guess a spent fuel pool is viewed as more photogenic than the reactor. So they had a -- they had to get water into the spent fuel pool.

I mean, I guess the notion of this is going to cause me to laugh, but they had to bring in the fireman. And it was very important -- as they're pouring water into a pool, that they spray the water in a particular location in the pool, with the idea that maybe gravity isn't going to work I guess, and that it's not going to flow elsewhere.

(Laughter.)

And, of course, there's great heroic action as they have to withstand the heat, and so forth, as they stand there and direct the water at one -- one side of the pool rather than the other.

The other element of this, it really is a -- if this is a reflection of the public's understanding of what licensees do, and what the NRC does, then we have a -- clearly, have a very, very serious information gap in this country.

I don't take the movie seriously. I think that most of the reviewers of the movie poked great fun at it, not always for the same reasons that I would, but they did. And we have seen absolutely no fallout, and that's not intended to be a pun, from this movie.

COMMISSIONER MERRIFIELD: You know, I was going to say, Mr. Chairman, I watch very little TV, but I did follow Tom Shales' column in The Washington Post, which absolutely savaged that particular pseudo -- it's not even a pseudo documentary, but whatever they want to call themselves.

I think it is unfortunate that makers of a movie that want to portray something like that, and had a variety of discussions about our agency, as far as I can tell -- and maybe Bill Beecher can correct me

-- didn't even bother to contact us to seek any technical assistance, advice, commentary, or anything of that nature.

And I find it unfortunate that there's some folks who like to criticize us but don't even ask us for our opinion, and that's too bad.

CHAIRMAN MESERVE: Well, I guess the one thing I would add is -- about this movie, that there's -- what was interesting is that the -- the NRC was viewed as the supercompetent agency in this movie, and that the licensee got in trouble and the question was, well, when is the NRC going to get here and save the day?

(Laughter.)

The NRC was able to tell the licensee that they had a diesel that they did not know that existed at the plant.

(Laughter.)

They had gone back to the original blueprints and found the diesel and then told them, and there was a big hunt as the people were scurrying all over the plant to try to find this diesel. Absolutely hilarious movie.

Other questions?

MS. GRIMES: This is a question from

headquarters. What impact will the President's Management Agenda, PMA, have on NRC? Will NRC management be further delayered?

CHAIRMAN MESERVE: Well, let me say I think that there is a serious of initiatives that the NRC is -- has to deal with, should deal with, that have to do with efforts to streamline the Federal Government to make it more efficient, to make sure that their government employees are doing work that needs to be governmental, and that private sector is relied upon where it's more cost efficient for the public to do that. These are all obligations that we, as an agency, have to look at every day.

Let me emphasize, however, that the NRC has always been an agency in which we have valued our staff and which, as we undertake various kinds of restructuring, we have found ways to make sure that people can move to other jobs where their skills will be used, and hopefully will be used in even better ways than they were in the past.

And I see that we will -- and we have an obligation to pursue all of these initiatives, but I see these as not -- it should not be -- I don't think these should be seen as threatening to the staff.

COMMISSIONER MERRIFIELD: Mr. Chairman,

I'm reminded three years ago we had a question and a serious discussion about empowerment. Last year, we had a serious -- a question and a serious discussion about reducing the concurrence chain.

This year we have a question about delayering, all of which seem to have a common theme running through them. And I think as a result of the President's concern on this that the five of us have an obligation, through the senior staff, to look at it and treat it seriously.

One of the things that strikes through all three of those questions is, is there a more uniform way to make sure that the frontline individuals in this agency have more of an impact on the five of us who ultimately have to make the policy calls around here? And that's something worth exploring.

CHAIRMAN MESERVE: Other questions? Keith, do you have one?

MR. EVERLY: I have one from headquarters. Will there be further consolidation of the regions?

CHAIRMAN MESERVE: As some of you may know, we -- in connection with the theme rule, there was a comment made by one of the commenters saying that we ought to collapse all of the regions. No such proposal is currently under evaluation by the

Commission.

Other questions?

MS. GRIMES: I've got another question from headquarters. Many in the staff view utility drop-in visits with Commissioners as an opportunity for licensees to complain about staff performance. The staff does not feel the Commission hears the staff's side. This is bad for staff morale. Why allow this?

CHAIRMAN MESERVE: Well, I think each of my colleagues may want to comment on this. I think that it is very important for this Commission to be open to the public, and I don't mean just licensees, but critics of the licensees, and that we hear from these people as to what their concerns are.

And so we have licensees that take the opportunity to come and visit with us and tell us what's going on. We also hear from other stakeholders, and I think it's important that we have that communication channel, so we can hear and can respond.

I would have to think long and hard to recall a circumstance in which I had a licensee come in and complain to me about staff performance. It may have occurred, but for the most part these -- the

licensees come in, and they talk about things that are going on at the plant. They talk about what things they anticipate will be going on, to sort of give us a heads up, and whether they're thinking about license renewal or making other kinds of changes at the facilities.

But there's not really often a vehicle -- I can't recall a single instance where there's been a vehicle where they've come in and complained, "Well, the staff is just doing something wrong." And never has there been a situation where individual staff members have ever been mentioned in particular as being subject to criticism.

So I don't -- these drop-ins are relatively short. They are, I think, a conduit by which we can get information, and I don't think that -- in my experience, they don't raise the kinds of concerns that underlie the premise of that question.

COMMISSIONER DICUS: I would agree with that. And the drop-ins that I've had -- I have to say, more often than not, I've heard the staff praised for how well they're working -- you're working on an issue, the cooperation, or the explaining and the ability to try to sit down and resolve where there is an absolute difference.

On the very rare occasions that I've heard a -- what you might call a complaint, or where there has been an issue that whoever dropped in had a different perspective on, when I knew -- knew about that particular issue, then I've either corrected the situation with the person or persons, or I've certainly explained, well, we have a difference of opinion, and we support what the staff is doing, because that's the position that the agency has taken.

In the even rarer occasions where I wasn't particularly familiar with an issue that might have been brought to my attention, the first thing I do is say, well, I -- I go to the staff or the area that I think this particular situation has arisen, and I find out from you, okay, what is really the other side of the story and the facts of this?

And when I have the opportunity to see the individual or individuals again who brought up that particular thing, then I have the ability to say, "Well, look, there is another side of the story, and these are what the facts are from our perspective."

So I think there are -- for all five of us there is support, obviously, for you. If we hear something that we don't quite know about, I think we ferret it out, and then correct the facts with the

individual that brought it up.

COMMISSIONER DIAZ: Yes. I have seen a significant change from my early days in here. It looks like I've been here for a long time. At the beginning when I was here, late '96, '97, there were occasions in which people from industry came and talked about things that were delayed, things that were not being handled properly, never against an individual. It was more issue related. Never was a particular section mentioned. I think we would not tolerate that -- but, you know, regarding a specific issue.

I have seen a remarkable change taking place in which most of the time the industry comes and tells us that the approach has been right, sometimes not as fast as they would, but when would that ever happen? You know, and so it is -- it serves us very well to have these meetings.

We cannot live in isolation. We need to be able to hear from everybody how are issues being tackled. Never, never in my time in here has anybody, any individual, been singled out. So I see them as valuable. I see them as us also reemphasizing when something is not being properly done on their side. They take that very seriously.

We are briefed before every one of these meetings. Staff knows what the issues are. We get the information. We prepare. We use this time very constructively.

COMMISSIONER MERRIFIELD: Yes, I would -- I sort of -- I agree with all of what's been said. I interpret it a little differently. I mean, I think each of the five of us has made an effort in our own way to try to reach out to staff.

I know we've -- many of us have talked about how we have an open door policy, which I do, and I've had a number of staff who have taken me up on that and have come into my office, either scheduled or unscheduled, to bring up issues that they have. And we've talked about those.

I've had the pleasure of meeting with almost all of our resident inspectors during my plant visits, you know, on a personal basis. I think many of us have taken an effort either personally or in teleconferences to meet with the regional offices and try to do -- to the extent you can, walk the halls.

You know, I've tried to walk -- and I may not have been entirely successful, but Mike Springer I think has done a pretty good job of keeping track for me -- I think I've walked the halls of virtually

-- of all the halls in these two buildings.

So, I mean, I think there's a desire on our part to really understand where the staff is coming from and be available for comments and questions. And it's not perfect, and we've got a lot of things to do, and we meet with a lot of people. But it's an open and dynamic atmosphere.

And as much as I met with an industry person, I have met far, far more times with members of our staff who have given me their impressions.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: Any other questions?

MR. EVERLY: Mr. Chairman, we still have many questions from headquarters. Want me to continue?

CHAIRMAN MESERVE: Sure.

MR. EVERLY: Okay. Would the Commission explain the agency's policy on how it evaluates the effectiveness of its managers beyond the formal appraisal process?

CHAIRMAN MESERVE: Well, there may be a misunderstanding here of the extent to which the Commission itself is engaged in the personnel evaluations and all of that process. I mean, by the statute, there is an Executive Director of Operations,

Bill Travers, who has responsibility for basically the management of the staff.

And so the Commission itself has very little direct role, or indirect role, in -- in staff evaluations. This is something that is -- by statute is something that is channeled through the EDO.

Other questions?

MS. GRIMES: I have a question from headquarters. A frequent criticism that has been directed at NRC is the fact that our regulations don't require extensive background checks for employees at nuclear powerplants and fuel facilities. Will the NRC move to amend its regulations to require these background checks?

CHAIRMAN MESERVE: Well, let me say we are examining and enhancing the requirements that surround access to nuclear powerplants. I would not say that the existing requirements are ones that are trivial, but after all they do involve psychological testing, they do involve for -- for people who have access to safety-related equipment, that there are background checks that involve credit checks, criminal history checks through the FBI, reference checks, if someone has been in the military they look at their military history.

And beyond that, once people are in the plant, they are subject to observation and the random fitness for duty testing. So there is a lot more scrutiny of employees at nuclear powerplants than exists in most of American industry.

So that's the base from which we're starting, and we are contemplating some changes in that area that will toughen those requirements up even more.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: Other questions?

MR. EVERLY: Another question from headquarters. Why isn't the NRC's pay scale for engineers comparable to those in other federal agencies, such as the Patent and Trademark Office?

CHAIRMAN MESERVE: The question had to do with pay scales, and you're catching me by surprise in that I had -- would have expected that NRC -- that we have Federal Government-wide pay scales, and that we have some opportunities for some flexibility that we do exploit with regard to -- to our staff.

And so I'd be very surprised if the salary levels in other agencies are significantly different than -- certainly are significantly higher than ours. On average, ours are higher than those of other

agencies.

It may be that there's -- HR can help if there's any misinformation there, and we'll catch up with the questioner later.

Other questions?

MS. GRIMES: I have another question from headquarters. When will we see a new low-level radioactive waste disposal facility?

(Laughter.)

There's more. What can NRC do to help the states fulfill their obligations under the Low-Level Radioactive Waste Policy Amendments Act of 1985?

CHAIRMAN MESERVE: You know, I'm reminded there's an old story in the fusion community where they always say that a fusion reactor is -- you know, is around the corner, and the fusion scientist died and he went to heaven, and he is allowed -- he was going to have one question that he could ask God.

And the question he asked is: will we ever have commercial fusion power? And God said, "Yes, but not in my lifetime."

(Laughter.)

To ask -- to ask -- she asked a question about when we're going to see a low-level waste site. We seriously have a broken system dealing with low-

level waste in this country. The existing system just isn't working, and that over the whole time of -- the Act has established the framework for the creation of low-level waste sites, we have succeeded in licensing exactly zero sites in this country.

So I think that there is a fundamental statutory problem that has to be corrected. The Commission has been trying to deal with this issue, as the opportunity arises. We have been -- all of us have probably spoken at one time or another about the problem of dealing with low-level waste in this country.

We are joining with others in sponsoring a study by the National Academy of Sciences of this general problem, which hopefully will provide a foundation and impetus for some change. We've been trying to find various ways to open the door for dealing with waste issues by allowing, for example, mill tailing sites to be used for the disposal of materials that are physically, chemically, and radiologically like tailings, but may not be ones that directly come from processing.

So we have -- of course, in our license termination rule we have an unrestricted release criterion that does allow some material to remain at

the sites. And they're looking at ways in which that could be enhanced. So there's a whole series of steps that we're taking to try to deal with this issue, but there is fundamentally a statutory problem that needs to be addressed and corrected.

MS. GRIMES: Thank you.

MR. EVERLY: Another question from headquarters. What alternatives do employees have for dealing with poor managers? Two examples. Good communication is a critical ingredient of a good working environment. However, it is a two-way street. My manager often ignores my question if he does not like the question. If I need to attend an official meeting that he does not want me to attend, he simply ignores my request.

Secondly, I have received outstanding performance ratings for my years. However, my SES manager would not award my performance on the grounds that I am already making too much money. He actually made this comment to someone. Does the Commission consider this acceptable? What recourse do employees have to deal with managers who never should have been selected for that responsibility? Please do not respond that this is an issue for HR.

CHAIRMAN MESERVE: Well, obviously, there

are some details to this response that I -- that I am not sufficiently knowledgeable to be able to deal with. But, I mean, I think that all of us should recognize that communications has to be a two-way process.

My wife frequently tells me that communications involves listening as well as my talking.

(Laughter.)

And I think that's a lesson that all of us need to learn. And I think that is -- that's very important for managers in working with their staff is to not only be prepared to provide candid advice and information, but also to be prepared to receive and respond to and take seriously comments by the staff. And I see that as a -- I see that as an obligation of managers.

But, similarly, we intend to have an award system that operates equitably and fairly for all staff. And if there's a particular problem that any of you see with how this is working, I would urge you to bring that issue to HR, and it will be taken very seriously.

I see some people starting to drift out. How are we doing on the questions over there?

MR. EVERLY: We probably still have about eight or nine.

CHAIRMAN MESERVE: Should we save them for later? Why don't we take one more question, and then we'll adjourn this session. But the Commission is going to have the opportunity to be on the hot seat yet again this afternoon. One more.

MS. GRIMES: This is a question from headquarters. Considering Senator Schumer's stated intentions to propose new legislation and recent media articles such as USA Today, what changes do you foresee to how we regulate radioactive materials and how we oversee the agreement states regulation of radioactive materials?

CHAIRMAN MESERVE: Well, of course, the legislation that is being mentioned is that Senator Schumer has introduced some legislation having to do with the controls of nuclear materials because of the concern that they might be used in a radiological dispersal device.

The Commission has not been unaware of this issue, and, in fact, we've issued advisories to our licensees and asked the states, and all of the states, in turn, have provided advisories to their licensees to tighten the physical security in these

devices, to control access, to report suspicious circumstances, and things of that nature, in order to protect these materials.

There are an abundant number of sources in this country. The focus of the regulatory system until -- really, until very recently has been assuring the safe use of those materials, and has not been focused on security of the materials in terms of their possible evil use.

So we do now need to have a new focus to our regulatory system that reflects the changed security environment in which we're found. And I do anticipate that both through our advisories, through ICMs that we're going to be issuing, and through regulatory changes, that we will see significant tightening on the controls that we have on nuclear materials in this country, and heightened controls on import and export of nuclear materials.

Times obviously require that we take our regulatory system in a somewhat different direction than it has had in the past.

MS. GRIMES: Thank you.

CHAIRMAN MESERVE: All right. Thank you.

I'd like to thank you all for joining us this morning. It's been a very hot day, and you've

been very good. We've had some good questions, and we've appreciated the opportunity to interact with you all.

So thank you very much.

(Applause.)

(Whereupon, at 11:50 a.m., the proceedings in the foregoing matter were concluded.)