

Official Transcript of Proceedings

NUCLEAR REGULATORY COMMISSION

Title: Eleventh All-Hands Meeting
 Afternoon Session

Docket Number: (not applicable)

Location: Rockville, Maryland

Date: Wednesday, June 26, 2002

Work Order No.: NRC-444

Pages 1-52

NEAL R. GROSS AND CO., INC.
Court Reporters and Transcribers
1323 Rhode Island Avenue, N.W.
Washington, D.C. 20005
(202) 234-4433

1 U.S. NUCLEAR REGULATORY COMMISSION

2 + + + + +

3 ELEVENTH ALL-HANDS MEETING WITH THE COMMISSION

4 + + + + +

5 AFTERNOON SESSION

6 + + + + +

7 WEDNESDAY,

8 JUNE 26, 2002

9 + + + + +

10 ROCKVILLE, MARYLAND

11 + + + + +

12 The Commission Meeting with All Employees
13 was held in the Auditorium at the Nuclear Regulatory
14 Commission, 11455 Rockville Pike, Rockville, Maryland,
15 at 1:30 p.m., Richard A. Meserve, Chairman, presiding.

16
17 Present:

18 RICHARD A. MESERVE, Chairman

19 NILS J. DIAZ, Commissioner

20 GRETA JOY DICUS, Commissioner

21 JEFFREY S. MERRIFIELD, Commissioner

22

23

24

25

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

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

(1:37 p.m.)

1
2
3 MS. NORRY: Could I just let you know that
4 the reason for this is we are having -- the reason for
5 this delay is we're having some technical difficulties
6 getting through to the regions and apparently we don't
7 have either audio or video and there's a solution
8 about to come in the door, so that's why we've delayed
9 a couple of minutes.

10 (Off the record.)

11 MS. NORRY: Okay, we think we have the
12 technical difficulties under control, so we're ready
13 to get started and sorry for the delay.

14 I'd like to welcome all of you formally to
15 this Eleventh All Hands Meeting with the Commission.
16 We've been doing this for quite a while and you are
17 among the lucky ones. The people in the tent this
18 morning were not as comfortable as this, although I
19 see the Commissioners have retained their attire of
20 this morning when they all took off their jackets.

21 We will have, if we don't already have,
22 the Regions and the Technical Training Center, as well
23 the Resident sites and we have microphones, as you
24 know, which you can use to ask questions. Or if you
25 prefer, you can write down questions and they will be

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 read, as well as the questions that were furnished
2 ahead of time. Some of you may have sent in questions
3 ahead of time and we'll get to all of those.

4 And we have two volunteers, who are going
5 to be reading the questions and that's Cathy Grimes
6 from Research and Keith Everly from NSIR. And so we
7 thank you for that. I'd also like to acknowledge
8 there are officials of the National Treasury Employees
9 Union here with us seated in the front and with that,
10 I'll turn it over to Chairman Meserve.

11 CHAIRMAN MESERVE: Thank you, Pat. Good
12 afternoon and welcome to the NRC's Annual All
13 Employees Meeting. Joining me this afternoon are my
14 colleagues, Greta Dicus, Nils Diaz and Jeffrey
15 Merrifield. Commissioner McGaffigan had a prior
16 commitment, but he asked me to express his regret that
17 he could not join us today.

18 As Pat noted, we've moved this afternoon
19 session indoors because of the intense heat. As a
20 result, those of you who chose to attend this meeting
21 will not as warm a welcome as we were able to provide
22 your colleagues who came to the morning meeting.

23 We also want to welcome, however,
24 employees in the Regional Offices at the Technical
25 Training Center in Chattanooga, and at various remote

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 sites around the country, and I hope that they're
2 finally able to tune in.

3 In preparing for this meeting, I was
4 struck by the fact that the Commission has held 11 of
5 these sessions since 1991. This is long enough for
6 the meeting to acquire the status of a tradition. As
7 you know, this is your opportunity to ask questions of
8 the Commission and we will do our best to respond.

9 I have been told that over the years there
10 have been some very spirited sessions. As I look out
11 at this audience this afternoon, I can sense a few
12 spirited and possibly even legendary questions in the
13 early formative stages. I thus expect our
14 interactions this afternoon will be at least as
15 interesting as our session this morning.

16 Before we turn to the questions, however,
17 I want to take a few moments to give you my sense of
18 the challenges that the NRC faces. Since our last All
19 Employees Meeting, the NRC's external environment has
20 changed significantly. You may recall that this time
21 last year, I outlined a series of issues, most of
22 which are still with us: improving our
23 communications, inside and outside the Agency; making
24 progress on risk-informed regulation; and preparing
25 for the renaissance and the prospects for nuclear

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 power, among others.

2 The set of challenges I want to discuss
3 today have nearly all arisen within the past year,
4 reflecting the extraordinary times in which we live.
5 Of course, extraordinary times call for extraordinary
6 responses and a willingness to look at the world in
7 new ways.

8 If that sounds complex, I want to assure
9 you that it is complex. If it suggests to you that
10 the Agency must demonstrate flexibility and faster
11 response, you are correct. And if sounds as if there
12 was a new sense of urgency and importance in the work
13 that all of you perform, you are right again. These
14 extraordinary times call for a renewed sense of
15 commitment if we are to meet the challenges that lie
16 ahead of us.

17 The first of the challenges relates to
18 security. The events of September 11th had a profound
19 impact on nearly every American, but they have had an
20 even greater impact and a permanent one, of all
21 performance and public perceptions of government,
22 including the NRC.

23 National security issues, of course, have
24 always come within the province of the federal
25 government. What is new following the events of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 September 11th is the expansion of the scope of
2 national security concerns. For example, it would
3 have been hard to imagine that a lost Troxler gauge
4 would have been seen to have national security
5 implications last year.

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

12 I can remember not long ago when we would
13 emphasize one aspect of our mission, the obligation to
14 protect the public health and safety. Now attention
15 is focusing as well on another phrase from the Atomic
16 Energy Act, need to provide for the common defense and
17 security. Depending on your perspective, this
18 development can be seen as something entirely new or
19 as a return to a much earlier phase in the history of
20 nuclear regulation. But what is beyond doubt is that
21 the current security concerns must be addressed,
22 basing a premium on high quality performance by the
23 NRC.

24 As you know all too well, the current and
25 growing concern about radiological dispersal devices

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 are only the latest in a wave of issues that have
2 arisen in the aftermath of September 11th. The NRC
3 acted within minutes of the terrorists' attacks
4 placing our licensees on high alert. As I space to
5 you this afternoon, our licensees are still on high
6 alert.

7 We also initiated a comprehensive review
8 of all of our security policies in a move that
9 affected many of you directly. We created the Office
10 of Nuclear Security and Incident Response. At the
11 same time we have issued and are continuing to issue
12 a series of orders to our licensees imposing interim
13 compensatory measures to enhance security. We have
14 taken timely and appropriate steps in our obligations.

15 On behalf of the Commission, I want to
16 thank you for your extraordinary response to the
17 security challenges. I believe that we have performed
18 well. Nonetheless, we have more that needs to be
19 done. The Commission is addressing ICMS, further
20 licensees and is engaged in revising the design basis
21 threat who have to work out a relationship with the
22 new Cabinet level Department of Homeland Security
23 which the Congress has pledged to complete action by
24 September 11th of this year. We also must establish
25 genuine cooperation among NRC component offices of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 security issues, develop a stronger skill pace in the
2 security area and work to achieve a balance between
3 our long-established policy of openness and need for
4 protection of sensitive security information.

5 For the longer term, we need to avoid
6 complacency about security in the absence of specific,
7 credible threats, to acknowledge that the events of
8 September 11th have generated new public concerns
9 about nuclear power that need to be addressed, and to
10 recognize that safety and security of licensed
11 facilities and materials are inextricably intertwined.

12 Although security by itself presents
13 challenges that could occupy our attention for the
14 indefinite future, we also have another major
15 challenge looming just over the horizon. I'm
16 referring to the licensing of a possible waste
17 repository at Yucca Mountain. I spoke about this
18 subject at the OIG Planning Conference a week or two
19 ago, so I will keep my comments brief here. I am
20 convinced that the Agency is rapidly approaching one
21 of the most formidable challenges in its history.

22 If Congress approves the President's
23 recommendation, then we may receive an application
24 from the Department of Energy for permit to construct
25 the repository as early as December 2004. The NRC

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 would then have three years with a possible additional
2 year extension to decide whether to grant the license.
3 This may sound like ample time, but if an application
4 is submitted, the administrative proceeding will be
5 massive, perhaps as large as any the Agency has ever
6 seen. I reach this conclusion because of the
7 complexity of the technical issues and the vigor with
8 which the opponents of the repository are expected to
9 litigate.

10 Indeed, I anticipate that no single NRC
11 decision or set of decision since the response of
12 Three Mile Island is likely to be scrutinized as
13 closely from a technical, legal and public policy
14 standpoint as the decision regarding this one of a
15 kind facility.

16 Our proceeding and our decision making
17 process will become the primary focus point for all
18 opposition to the repository, as well as the subject
19 of extensive media coverage. We need to maintain
20 technical excellence, procedural fairness and schedule
21 discipline.

22 Let me turn now to the reactor arena.
23 Hereto, we continue to face challenges, not the least
24 of which is the need to maintain our focus on safety.
25 My earlier comment that security and safety are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 intertwined does not mean that we can afford to become
2 preoccupied with security at the expense of safety.
3 Indeed, assurance of safety is the one issue that will
4 never go away, as the recent experience with
5 Davis-Besse incidents. In fact, the degradation of
6 the vessel head at Davis-Besse was a very serious
7 event. It was made worse by the failure to detect the
8 degradation sooner. This issue has implications for
9 licensee performance, as well as for the NRC in its
10 reactor oversight program.

11 One important challenges continues from
12 last year, maintaining pace with the nuclear
13 renaissance. Enthusiasm for nuclear power is
14 reflected in the continuing flow in application for
15 power up rates and license renewals and in TVA's
16 decision to restart Brown's Ferry I. We anticipate
17 three applications for early site permits in 2003 and
18 2004. And the interest in new reactor design
19 continues although now involving somewhat different
20 technologies, we would have expected just a few months
21 ago.

22 Exelon has pulled back from its commitment
23 to the pebble bed module reactor, but we are seeing
24 growing interest in other designs. We are undertaking
25 design certification for the Westinghouse AP-1000 and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 the staff are undertaking preapplication discussions
2 with regard to four other designs. All of these
3 develops show that we have to be very flexible in
4 applying resources to ensure that we are ready to
5 respond to new initiatives as they develop.

6 Finally, let me mention just one other
7 fundamental issue, the human capital challenge. When
8 I first expressed concern about this issue a year ago,
9 we had a crisis on our hands arising from the
10 demography of the Agency. The ratio of employees over
11 60 and those under 30 was 6 to 1. We have taken
12 aggressive action to reduce this ratio to 3 to 1 as of
13 today, largely through persistent recruiting efforts
14 that have helped turn the tide.

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

23 Let me stop there. It is not that I have
24 run out of challenges, but I want to leave room for
25 your questions. If there is a common theme to the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 issues I have mentioned today, it is the need for
2 flexibility, looking at the world with the perspective
3 that is informed by the past, but not bound by it and
4 for bold thinking and action where warranted.

5 If this were a typical federal agency, I
6 would have some concern about our ability to handle so
7 many new challenges. My colleagues and I know, based
8 on our experience, that if any organization can handle
9 this complicated web of issues it is this one. This
10 is a great Agency of skilled and dedicated people.
11 The Commission looks forward to working with you today
12 and on into the future.

13 Thank you. Let me now turn the session
14 over to questions.

15 QUESTION: Mr. Chairman, I'd like to ask
16 you a question about a security incident that I
17 believe occurred last week. My sources were only the
18 rumor mill, but since the issue was raised, I'd like
19 to see if we could get some information on it and it
20 really involved someone taking pictures of the
21 building and I wondered if you could provide us some
22 insight on that as security for all the employees is
23 a significant concern.

24 CHAIRMAN MESERVE: Yes. My understanding
25 is that we did have an incident that occurred about a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 week ago in which someone was observed outside the
2 building with a camera. The issue is whether they
3 were taking photographs of the building. Our guards
4 went out and approached the person and talked with
5 them and the person responded to their questions.
6 Indicated that he was there, it was the early evening,
7 he was there taking photographs of the sunset in front
8 of the building. He was brought into the building and
9 there was some further questioning and the Federal
10 Protective Service came. The person was a foreign
11 national. Had a passport, examined. There were
12 checks that were run through the FBI and the other
13 criminal record checks and there was nothing that
14 showed up there and there was also a query that was
15 made of that person's embassy and there was a person
16 at the embassy who was able to vouch for the
17 individual.

18 So this was a case that we are very
19 concerned, obviously, as I think you all know about
20 assuring the safety and security of our own employees.
21 This was one where our guards acted appropriately and
22 they did pursue this issue and it does, based on the
23 information that we've received, there's no suggestion
24 of any particular problem arising out of this
25 incident, but as you know, we significantly tightened

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 security after September 11th at this building and
2 we're going to be looking at some other things in the
3 future. Your safety is important to us.

4 COMMISSIONER MERRIFIELD: Mr. Chairman, I
5 would also say I think this is a good point for us to
6 tip our hat to our security force who had to spend a
7 lot of hours outside, particularly on days like this,
8 in the hot sun with extra long shifts and overtime and
9 things of that nature. They really have stepped up to
10 the bat to protect all of us here at White Flint 1 and
11 2, so I did want to make a mention of the
12 appreciative, our appreciation for the hard work that
13 they're doing to protect us.

14 CHAIRMAN MESERVE: Okay, other questions?
15 Keith, do you have one?

16 MR. EVERLY: Yes, this is a question from
17 Headquarters. Considering the potential disruption to
18 our operations and possible contamination of staff and
19 the public during public meetings, if a radioactive
20 source were brought into the White Flint complex with
21 malicious intent, why hasn't the Agency acted on the
22 recommendation to install radiation detectors in
23 lobbies and mail room?

24 CHAIRMAN MESERVE: Let me say that I think
25 all of you know, as part of our process of coming into

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 this building, we have made changes since September 11
2 and that does mean that our bringing bags or not NRC
3 staff, do have their bags x-rayed and they're subject
4 to examination as well. So this is -- we have taken
5 steps that are like those that we encounter at many
6 other facilities and similar to those at other federal
7 agencies in order to assure protection of people from
8 the fact that a visitor who conceivably tried to bring
9 a weapon or some other device into the building and we
10 are taking steps to try to prevent that from
11 occurring.

12 Other questions?

13 Cathy, do you have one?

14 MS. GRIMES: Yes. This question is from
15 Headquarters. And it's a three-part question. Many
16 activists want to shut down Indian Point 2 because of
17 its emergency plan's inability to evacuate 10 million
18 people. First question: what can NRC to enhance
19 Indian Point 2's emergency plan: Second, why is
20 Indian Point still on the low end of our scale for
21 problem plants? And three, can NRC stop Indian Point
22 2 from being shut down?

23 CHAIRMAN MESERVE: As I think all of you
24 know, Indian Point has been an extraordinarily
25 controversial plant in recent years. That reflects

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 the fact that the plant is close to a large population
2 center. It's understandable sensitivity to terrorist
3 incidents in the New York City area, the bulk of what
4 happened on September 11th, and the fact that this
5 plant has been singled out, really. The plant has
6 been, in recent times, been a poor performer.

7 Let me deal with why do we keep it as a
8 problem plant and that we have only have credibility
9 as an Agency as long as we call the situation as we
10 see it. We have an obligation to treat all of our
11 licensees equitably and the fact that Indian Point may
12 be subject to criticism, the bulk of what we find does
13 not mean that we should pull our punches.

14 Our capacity as an Agency is going to be
15 judged by our willingness to say what we see and stand
16 behind it and stand behind the facts. So I think this
17 is a plant that we have continued -- degraded
18 cornerstone area. We've been spending a lot of
19 inspection resources there to try to enhance the plant
20 and we've been telling the public that although it
21 warrants this continued additional inspection effort,
22 this is a plant that is improving. We're seeing
23 steady progress and it does not, in our view, warrant
24 us to take extraordinary step, for example, of
25 ordering a shutdown or something of that nature.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Problems are being addressed, but we'd all
2 like them to be addressed more quickly, but they are
3 being addressed.

4 This is a plant, I should say on the
5 security side that does have the benefit of perhaps
6 the strongest security capability of any plant in the
7 country as a result of circumstances in which it finds
8 itself. That involves not only the commitment of
9 resources by the licensee, subject to our scrutiny,
10 but also there's a force of National Guard and State
11 Police that are present at that site that are
12 providing perimeter security. It's a facility that
13 has quite a strong security capability.

14 You asked the question about the emergency
15 plan and as you know, this is a site that has a
16 challenge because of the density of population in
17 being able to deal with emergency planning. The off-
18 site component of that plan is one that is the
19 responsibility of FEMA, a federal agency, to pursue in
20 concert with state and local governments and of
21 course, subject to our engagement as well. And there
22 has been very close examination and revision of that
23 security plan that has been underway to try to make
24 sure that it is up to date. We are obviously
25 monitoring that situation closely. The state has been

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 prepared to validate that the plan is adequate. This
2 is a matter that's subject to FEMA review at the
3 present time, leading to an exercise that's scheduled
4 to occur this fall, so that this is, the issues
5 associated with the emergency plan are being taken
6 seriously. There are modifications that are being
7 made and a variety of federal and state and local
8 agencies are engaged in trying to make sure that the
9 emergency plan is adequate.

10 COMMISSIONER MERRIFIELD: Mr. Chairman, if
11 I may add, I think recently the Commission was
12 questioned by Congress about can't we be more involved
13 in setting the record straight relative to IP 2. Part
14 of the answer that we provided them was reflective of
15 the fact that as a result of the history of our Agency
16 and our roots revolving around our being spun off from
17 the Atomic Energy Commission, there has always been a
18 reticence about our doing or saying things that would
19 be perceived as being promotional nuclear power.

20 On the other hand, there is an issue about
21 the challenge to our regulations and the assertion
22 that we are not acting in the public's best interest
23 in terms of protecting public health and safety. And
24 the answer that we gave them is that we are, in fact,
25 and are perceived internationally as being leaders, as

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 far as international regulators of health and safety
2 and I think the Commission is reflecting on whether
3 there is more that we can do to talk about the role
4 that we have and the role that our fellow member of
5 the federal -- FEMA has in terms of protecting
6 individuals who live and work around the IP 2 site.
7 So that, I think, is a take away from both Congress as
8 well as the question from our own staff is there may
9 be more we should do, but perhaps we need to think
10 about that some more.

11 I think it would also be important to say
12 that there's an awful lot that's being done. I think
13 a tip of the hat would go to Hub Miller who has
14 personally taken a tremendous amount of involvement in
15 interacting with local government as well as
16 stakeholders surrounding that site and furthermore,
17 the staff of Region 1 who have had a tremendous amount
18 of effort attempting to respond to public concerns and
19 I think the Commission is reflective and aware of the
20 huge involvement that they've had in dealing with this
21 significant public interest concern at that site.

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

24 MR. EVERLY: This is a two-part question
25 with a bit of an intro. Since 9-11, dirty bombs have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 been mentioned in the press almost weekly. Our own
2 Agency has publicized a fact sheet on dirty bombs on
3 public websites. According to an IEA Bulletin
4 article, it has been recommended that exporters of
5 radioactive sources should consider the reshipment and
6 disposal of these sources and a recipient cannot do
7 so.

8 Question One: Do we have any idea how
9 many radioactive sources exist and to whom U.S.
10 companies are shipping.

11 The second question is what are we doing
12 to ensure radioactive sources that U.S. sends overseas
13 are under appropriate regulatory control?

14 CHAIRMAN MESERVE: Let me preface the
15 remarks by saying that the regulatory environment for
16 -- that is going to govern radioactive sources is
17 changing before our eyes right now and that the focus
18 on the system in the past has been assuring the safe
19 transport of use of these sources for their intended
20 purposes. The focus was not on assuring the security
21 of these sources so that they could be prevented from
22 malevolent uses.

23 And we have had to deal with a reality
24 that our regulatory system was not one that was
25 focused on the issue with which we and the public is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 concerned now which is the possible use of these
2 devices by a terrorist. We have taken steps since
3 September 11th to deal with that situation and that
4 there are advisories that went out to our licensees
5 and that we had agreement states send out to their
6 licensees to deal with such things as enhancing the
7 physical security of these devices to assuring
8 controls on access, make sure there was awareness of
9 and reporting of any suspicious activities in the
10 vicinities of the sites. But it is clear to me that
11 there is going to have to be a lot more that is going
12 to be done. The Commission has been working on some
13 ICMs that would be directed at the more significant
14 materials licensees and there are no doubt many
15 regulatory changes that will have to be put in place.

16 These will encompass such things as
17 enhanced security and controls over shipping. Will
18 enhance -- no doubt will have to deal with ways we
19 have not in the past with the import and export of
20 these materials. In the past, we've given the general
21 license to a situation in which a source is going to
22 be imported into the United States and so that the
23 importer would indicate on the form, the manifest
24 bringing in the device that it was going to such and
25 such a person with such and such a license. And we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 are not involved, of course, at the entry points in
2 the United States. Customs Service has been alerted
3 to this issue and is checking to verify that in fact,
4 with us to verify that there is, in fact, a license
5 for the intended recipient of the material.

6 But there still is a hole in the system
7 that we all have to acknowledge, if somebody doesn't
8 declare, they're submitting a radioactive material,
9 then you have the problem that it could be imported.
10 To try to deal with that, there's been a lot of
11 discussion.

12 We've all seen in the papers about the
13 cost and problems associated with having detectors of
14 various sorts at entry points in order to determine
15 whether there is radioactive material that is
16 undeclared, that is being shipped into the United
17 States. So there are actions that are under way.
18 This whole area is one where the United States
19 government and foreign governments are having to deal
20 with situations that we had not really contemplated as
21 thoroughly as we should have in the past.

22 Okay, any other questions? Cathy, do you
23 have one?

24 MS. GRIMES: This question comes from
25 Headquarters and it's addressed to the Chairman. I

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 see a lot being done at the NRC for young interns,
2 women and minorities in terms of promoting. However,
3 I am a member of the least popular group, middle-aged
4 Caucasian male. Like many, I feel stuck at my present
5 level, GS-13, where I've been for 11 years. Is the
6 NRC not interested in keeping experienced people like
7 me and what are you, the Chairman, instructing upper
8 level managers to do in order to retain good,
9 middle-aged white males?

10 (Laughter.)

11 CHAIRMAN MESERVE: Well, let me say that
12 when I mentioned this issue last year I talked about
13 the human resource challenge we have which is one of
14 the reality that in 15 years or so of declining
15 budgets we had handled the fact that there was less
16 funds for us to spend and less allocation of staff
17 that we allowed to have by allowing attrition to deal
18 with the situation and we never had a RIF at the NRC.
19 And we have handled the need to have sort of fewer
20 staff by allowing retirements to take care of the
21 problem for us.

22 And that is what resulted in a demography
23 where the average age in this Agency was older than I
24 think we would have -- that was healthy for the
25 future. I mentioned the 6 to 1 ratio before. And we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 have tried to deal with that issue by aggressive
2 recruiting. We have had the benefit over the last
3 couple of years of growing budgets and we've had
4 particular emphasis on recruiting and we're trying to
5 bring in people at all levels, but we have emphasized
6 people at the entry levels because we need to feed
7 people into the system who are part of our career.

8 But I don't want to have anyone think that
9 that we can -- we don't value the contributions of
10 staff at all levels. As a statistical matter, we had
11 a problem with the aging work force and we were trying
12 to deal with this. But we need to get the benefit of
13 the insights of people of all backgrounds, of all
14 ages, of all genders, of all races, if we're going to
15 be able to fulfill our mission. It's in the
16 Commission's interest to have everyone being
17 challenged on their job and to feel that their skills
18 are being put to optimal advantage.

19 I don't want to have there any sense that
20 because we talked about the demography issue in the
21 aggregate that there is any sense the Commission
22 doesn't see that people of all types, ages, genders,
23 races are important to us and we want to have them
24 have a useful and productive work life here.

25 COMMISSIONER MERRIFIELD: Mr. Chairman, I

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 would make one addition to that. I agree completely
2 with what you said. I think there's an issue of
3 looking at both ways from the standpoint of an
4 individual member of our work force. We said this
5 morning and I repeat again what the Chairman has said.
6 We highly value all the members of this Agency. They
7 are the human capital that makes us the great
8 regulator that we are.

9 And from the standpoint of each member of
10 our work force, we should and I believe we do have a
11 program which allows for ability to access training
12 programs, individual development plans and
13 opportunities for each of our employees to grow as
14 long as they are here within the Agency. It would not
15 be my expectation that anyone here is using the same
16 set of skills and knowledge that they had when they
17 came on board. Hopefully all have taken advantage of
18 the many very good and highly diverse training
19 programs that we have, either at the TTC or here at
20 White Flint.

21 The other part of that challenge is I
22 think for our management. There is a tendency,
23 sometimes, to find someone who has a very good set of
24 skills and sometimes be so satisfied in the excellent
25 work that they do that that person gets buttonholed

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 and I don't think that that's the intention and
2 certainly we should be mindful of trying to make sure
3 that people have opportunities for rotations and an
4 ability to move throughout the Agency. And I think to
5 the individual that raised that question, I think it's
6 an issue of going back to your management folks in
7 your chain, making sure that your IDP is in the right
8 place, thinking about new training classes you can
9 take, so that there are opportunities for you to do
10 rotations and for you to continue to develop as you
11 are here as a member of the NRC staff.

12 COMMISSIONER DIAZ: Let me just add to
13 that that it is obviously important that everybody has
14 a chance for promotion and to be recognized. I think
15 that sometimes we tend to look at places where we see
16 the grass is greener, but sometimes the grass is
17 greener closer to where we are and I think that people
18 do deserve to be considered.

19 Having said that, I mean that -- and
20 having made a comment a couple of years ago that I had
21 a special interest in people that were over 55, I
22 personally know that the Chairman has strong interest
23 in the retention of good, middle-aged white males in
24 the Agency.

25 (Laughter.)

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 COMMISSIONER MERRIFIELD: I am not
2 touching that one.

3 (Laughter.)

4 CHAIRMAN MESERVE: Any other questions?

5 QUESTION: You raised the issue of our
6 guards and security and while I recognize there's a
7 very low probability that our particular building will
8 be the target for an actual target, I am nevertheless
9 frustrated when I arrive in the morning and the guards
10 are either facing the guard house or facing Rockville
11 Pike and I approach Marinelli from the opposite
12 direction and I have to wait to get their attention
13 before I can enter into the driveway and so I'm
14 concerned about their 270 degree vigilance and the
15 fact that they're not really looking in all
16 directions.

17 I guess it's also not only a frustration,
18 but a feeling of not really being safe if something
19 were to happen because they're not --

20 CHAIRMAN MESERVE: I'm sorry, I didn't
21 hear the last part.

22 QUESTION: Not only is it a frustration
23 from having to wait, but it's also a feeling of not
24 being safe because of the lack of true vigilance.

25 CHAIRMAN MESERVE: Let me say I think that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 anyone who has served in a guard position no doubt is
2 aware that it's a hard job, that you have the
3 obligation sometimes when things may be pretty boring,
4 to stay vigilant, to stay alert, to stay on top of
5 things. You may have all had different experiences,
6 but I have been struck myself with a degree of
7 attentiveness that the guards do provide and I've come
8 in in the morning, as I come in on Marinelli Drive,
9 there are usually two entry lanes that they provide
10 and one is for those who are taking immediate right
11 turn and the other one is for those who are taking the
12 left and coming in the other direction. There usually
13 is a guard that's there to deal with cars coming from
14 both directions and they are on top of things.

15 So my experience is a little bit different
16 with yours, but we will certainly pursue the issue and
17 make sure that they have -- maintain appropriate
18 vigilance status. But quite frankly, I've been quite
19 impressed with the capacities that the guards have
20 demonstrated and the seriousness with which they have
21 taken on their responsibilities.

22 MR. EVERLY: This is another Headquarters
23 question. What is the Commission doing to avoid
24 taking excessive steps in response to or overreacting
25 to the new risks of possible terrorism?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 CHAIRMAN MESERVE: One of the things that
2 we are all constantly having to do in this job is just
3 try to find the appropriate balance in the activities
4 that we are taking. And that is an issue which has
5 been very much on the Commission's mind as we've
6 issued our advisories and issued the interim
7 compensatory measures, is to try to strike some
8 balance in the activities to have an appropriate level
9 of security.

10 I think that is a task that is a difficult
11 one, but is one that all of us have been attentive to
12 as we have tried to work through these issues.

13 Let me say that that has involved, I
14 think, all of us at one time or another in some
15 dealings with people from other agencies and which we
16 have tried to assure that not only the seriousness of
17 the things we have done, but also to make the case so
18 that there is not an overreaction with regard to
19 events.

20 Let me say one thing and I think the NRC
21 staff has provided in the public debate which has been
22 important. When the issue of the radiological
23 dispersal devices first came up, it was many of the
24 press reports had the impression that there was some
25 gradation from an actual nuclear weapon and then

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 something was slightly less serious would be a
2 radiological dispersal devices, that they were somehow
3 on some same scale with these other. Well, nothing
4 could be further from the truth, that nuclear weapons
5 is many many orders of magnitude different
6 consequences than a radiological dispersal device.

7 We had done analyses that suggested that
8 the likelihood, serious health consequences arising
9 from our radiological dispersal devices was rather
10 slight. But you have to take them seriously because
11 of the panic effect they would have. We have to take
12 them seriously because there would be, could be an
13 expensive clean up and obviously disruption that
14 arises from the fact that you might have evacuate an
15 area for the time. But we made the case about the
16 health effects on this issue and we have trumpeted
17 that and tried to provide that guidance within the
18 federal government.

19 Now I should say a common theme of the
20 press articles that you read on radiological dispersal
21 devices is that the health consequences are not very
22 great. It's not attributed to us, but we were the
23 voice in the federal government that was bring realism
24 to that issue from the very earlier stages and that
25 is, I believe it to be the case, but it also, I think

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 has helped to shape some of the public and
2 governmental reaction to these issues. Taking them
3 seriously, but they're not the type of weapons that
4 people were describing them as in the early days after
5 September 11th.

6 CHAIRMAN MESERVE: Cathy?

7 MS. GRIMES: This question is from
8 Headquarters. As a result of budget constraints,
9 several agreement states have indicated that they are
10 unable to send their people to NRC-sponsored training
11 courses located outside of their states. Some are
12 developing alternative in-state training programs. Is
13 the Commission concerned about the possible
14 fragmentation of NRC and agreement state training
15 programs which would result in the loss of shared
16 experiences among the students attending a common
17 training session?

18 CHAIRMAN MESERVE: That's a very good
19 question and I think it raises a -- to me, an even
20 more fundamental and broader issue with which
21 Commission has to grapple and that has to do with the
22 fact that we have more and more states are becoming
23 agreement states and are assuming regulatory
24 responsibility for materials. We'll soon have 35 or
25 so agreement states. And that creates the prospect of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 greater fragmentation of the process for regulating
2 and licensing materials in that you have more and more
3 regulatory authorities it conceivably can go in
4 different directions. And that can have adverse
5 consequences, obviously, and that skills that each can
6 bring to the problem may be different and the very
7 fact that there are differences in regulatory
8 approaches can create some complications.

9 Before I came to the NRC, I represented a
10 radiopharmaceutical manufacturer who was interested in
11 acquiring another company that had one drug. It had
12 a novel radiopharmaceutical and the sole issue they
13 were trying to make the judgment as to whether they
14 made their acquisition or not was the cost of getting
15 this drug licensed in various states.

16 And with the problems that were created by
17 the very different regulatory regimes that covered
18 this particular material from one state to the next,
19 and the really crucial question in deciding whether a
20 big transaction went forward and whether this drug
21 would be available because they really needed the
22 bigger company to be able to do the necessary
23 development and marketing of the drug was a regulatory
24 question of how hard is it going to be to get licenses
25 in a sufficient number of states to make this worth

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 going into this business?

2 I mean there were serious consequences as
3 a result of the way we've headed under the instruction
4 from the Atomic Energy Act and the way we're
5 regulating nuclear materials. And it reflects itself
6 -- training is one component of the competence issue
7 and this is an issue I don't have an easy answer for,
8 but it is something with which the Commission does
9 have some papers either before it and we have some
10 more that we're going to have to deal with with regard
11 to how we restructure the materials' program to deal
12 with the changed world in which we find ourselves.

13 COMMISSIONER DICUS: Let me add a little
14 bit to that because clearly it's an issue for the
15 states. It was some few years ago that we used to
16 provide some travel funding, etcetera for agreement
17 state personnel and even non-agreement state personnel
18 of states perhaps considering agreement state status
19 to come in to NRC training courses and for budget cut
20 reasons we had to eliminate that particular program.
21 It may be necessary as we watch the further
22 development of agreement state programs and more
23 states becoming agreement states that perhaps to some
24 extent this has to be revisited.

25 I think -- I know the organization of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 agreement states, together with the conference of
2 regulatory control program directors are watching this
3 as well. Certainly, at those meetings they've tried
4 to provide their amount of training, then go back to
5 people that attend, can go back to their states and
6 then share what they learned at these things, but it's
7 not as ideal as it would be under another set of
8 circumstances.

9 I think it's something we need to watch
10 and monitor through the IMPEP program which I think
11 can be very instrumental. I think it's an issue and
12 we need to watch it.

13 COMMISSIONER MERRIFIELD: I would add,
14 another way of looking at this question goes to the
15 heart of the ability of states to fund the programs.
16 My own home state of New Hampshire recently went
17 through the IMPEP program, with Paul Lauhaus and those
18 folks, and they didn't do very well.

19 And the problems associated with the New
20 Hampshire state program was a lack of funding by the
21 state of New Hampshire. They had frozen the work
22 force so they couldn't hire anyone new and they didn't
23 have the money necessary to compete to get health
24 physicists. They just couldn't offer what is being
25 offered by either us or by utilities and so they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 couldn't get qualified people.

2 One of the things that the State of New
3 Hampshire is doing right now is some soul searching.
4 Does it make sense for a small state with a very small
5 number of material licensees to be even part of the
6 agreement state program? And one of the things that
7 they're going to look at over the course of the next
8 year at their own behest is does it make sense for
9 them to continue to be part of the program or should
10 they give that authority back to the NRC which has a
11 different set of capabilities and obviously much
12 greater resources to bring to bear. They are not the
13 only state that is thinking along those lines and so
14 while there may be some states that be thinking about
15 joining the agreement state program, there very well
16 may be some who may be thinking about getting out of
17 the agreement state program.

18 MR. EVERLY: Another question from
19 Headquarters. At the recent Health Physicists Society
20 annual meeting, an entire day was devoted to a session
21 on homeland security. From the presentations, it was
22 clear that awareness of the problem is very high,
23 however, specific programs to deal with the issue are
24 lacking. Are federal agencies such as NRC, EPA and
25 FEMA, along with the states, cooperating to ensure

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 that each understands its role in the event of
2 radiological dispersal incident? And have they agreed
3 upon specific limits for unrestricted release of
4 contaminated sites?

5 CHAIRMAN MESERVE: Let me say that there
6 is a federal radiological response plan that does
7 allocate responsibility for dealing with radiological
8 incidents of all types. It does designate certain
9 agency responsibilities, if it's NRC-regulated
10 material, the NRC would be in the lead. I believe if
11 it's other types of material, FEMA would be in the
12 lead.

13 So there is planning that's in place that
14 is part of an older response plan. Of course, if it's
15 a terrorist incident that results in there being a
16 radiological release, then there is FBI responsibility
17 for dealing with the law enforcement-related issues
18 that arise from this area.

19 So there is a plan that's in place. There
20 have been some exercises, a limited number of
21 exercises to see how that would work, some of them
22 involving a variety of different types of incidents
23 that would use a set of sequence of exercises that
24 were run through the Department of Justice. There's
25 no doubt a lot more that we could do and I think that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 there is awareness of this issue that is growing
2 within the federal government and I would anticipate
3 as one of the offshoots of the creation of the new
4 Department of Homeland Security is a need to go back
5 and reexamine all of those plans for dealing with
6 terrorist incidents, going through and revising them
7 to reflect the new realities and no doubt, there will
8 be extensive exercises to test the plans. So I see
9 this as an area that is changing and there are --
10 there is an allocation of responsibilities today. I
11 would think there would be a lot more extensive
12 planning in preparations that will be undertaken in
13 the future.

14 Cathy, do you have a question?

15 MR. EVERLY: Yes. This is from
16 Headquarters. In the latest "Inside the NRC" the
17 Nuclear Energy Institute, NEI, has recommended the
18 consolidation of the regions in the short term. For
19 the long term, NEI recommends regional offices should
20 be eliminated and the inspection function moved to
21 Headquarters. Does the Commission have any comments?

22 CHAIRMAN MESERVE: The NEI had submitted
23 such a recommendation to us as an aspect of the
24 comments on our P rule. We had received similar
25 comments from the NEI last year and we had a question

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 about this last year at the same session and the
2 answer that I gave last year is still the case. We
3 have no plans to undertake a consolidation of the
4 regions or collapse all the regions back to
5 Headquarters. There's nothing before the Commission
6 of that nature.

7 Keith, do you have a question?

8 MR. EVERLY: This is from Headquarters.
9 These meetings don't seem to reveal any new
10 information. What's the purpose and do you think
11 they're necessary?

12 (Laughter.)

13 CHAIRMAN MESERVE: If that's the generally
14 held view, why are you all here?

15 (Laughter.)

16 I mean this meeting was as it was
17 advertised. We're here to answer the questions that
18 people have and we're trying our best and people
19 should view this as an opportunity that they should
20 take. There's nothing that's out of bounds. There
21 may be some areas in personnel that we can't get into,
22 but you have questions you want to raise, this is your
23 chance to ask them.

24 Cathy, do you have a question?

25 MS. GRIMES: Yes. This is from

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Headquarters. The amount of panic that would follow
2 throughout the nation is what will make a terrorist
3 attack devastating. What can NRC do to educate the
4 citizens and how can our Public Health Service be
5 included in the thought process so families can make
6 wise choices?

7 CHAIRMAN MESERVE: Well, I think that's a
8 very serious problem we as an agency confront and we
9 as a nation confront. I come back to the radiological
10 dispersal devices. Is that the analyses would show
11 and we're not alone in this, that the health
12 consequences arising from the radiological health
13 consequences from the use of such device is not very
14 great. They're not in the armament of any country for
15 the reasons that they're not very good weapons.

16 Nonetheless, there is the accepted wisdom
17 and I think perhaps the reality is that if one were to
18 be used, there would be extensive public fear and
19 panic would result. Now I would hope that merely
20 educating people about the real risks would be
21 reassuring to them and people in an orderly way should
22 evacuate from the area if it's presumed there's
23 extensive contamination.

24 And I think that the press have gotten to
25 be more responsible in this issue over time in that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 they simultaneously talk about the panic effects while
2 mentioning the fact that the health effects are not
3 very great.

4 So there's sort of a dilemma that we
5 confront and that we seem to have succeeded in having
6 and understanding develop about what the real
7 consequences of the weapons are, but the fear still
8 exists.

9 I think this reflects a problem that has
10 been one that plagues the nuclear industry and has
11 plagued this Agency over its entire life, is the
12 special fears that people have of things that are
13 related to nuclear issues and radioactivity and we can
14 and should do the best we can to provide people with
15 accurate information and try to educate people, but
16 the reality is is that we're working in a field where
17 the public perception are ones that are very grave and
18 they're sometimes misguided.

19 Keith, do you have a question?

20 MR. EVERLY: This is a two-part question
21 and these are the last of our questions. What is the
22 Commission's perspective on the success and cost
23 effectiveness of the recent information technology
24 initiative such as ADAMS and Star Fire?

25 The second question is when the Agency

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 accounts for savings to the public from ADAMS does the
2 Agency include the added and higher cost for members
3 of the public when they print documents themselves?

4 CHAIRMAN MESERVE: Let me say one thing at
5 the outset. I think we're making progress in that
6 last year by this time in the sessions I think we had
7 gotten 5 or 10 questions about ADAMS and we had
8 managed to get this far into the program where we got
9 this first question about ADAMS.

10 I think that reflects a couple of things
11 is that our aspirations through ADAMS were ones that
12 were much greater than have been achieved to date,
13 that perhaps people's expectations have diminished
14 over time. But I also think that people have become
15 more familiar with it and it's now somewhat more
16 accepted. It isn't completely what we had hoped to
17 get.

18 It isn't what we aimed for at the
19 beginning, but we're getting closer. We have a work
20 plan to try to deal with the issues associated with
21 ADAMS and to improve it over time. There are upgrades
22 in the software that will give us greater capabilities
23 that will make it more of a web-based system that
24 should facilitate its use. So I think that this is --
25 I think we should view ADAMS as a work in progress

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 still and it's unfortunate, but it is the reality that
2 it is basically a system that still has some flaws,
3 but we're working to correct them.

4 COMMISSIONER MERRIFIELD: Mr. Chairman, I
5 would say a couple of things too. I think we are
6 always at risk because we are a highly technical
7 agency and we have a work force that is among the most
8 highly educated in the United States government and so
9 we have a tendency when we get new programs to try to
10 push the edge in terms of capabilities and ADAMS may
11 be one of those cases where we perhaps bit off more
12 than we can chew.

13 The second thing which I think has been
14 resolved is that there was a disconnect, I believe,
15 previously between what were the needs of the program
16 offices versus what could be provided by the folks
17 within the CIO's office? And the Commission, and I
18 know there were some in the Agency who didn't want
19 this or appreciate this, but the Commission made the
20 decision last year that would be greater realignment
21 and so we now have our CIO who is now in the reporting
22 structure to our EDO.

23 One of the benefits and I don't think
24 we've seen all of the results from this yet, but one
25 of the benefits that has been promised and I think we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 will have delivered is a greater realignment between
2 those program office needs and the ability of our
3 CIO's office to provide success and I think that's
4 going to be a win-win for everyone and hopefully down
5 the road, having learned our lessons, we won't have a
6 replication of what happened with ADAMS and we will
7 have indeed programs that are needed to fulfill our
8 mission provided to us in a methodology that is cost
9 effective and timely.

10 CHAIRMAN MESERVE: Cathy, do you have any
11 more questions? Good, if there are no further
12 questions, this has been a very interesting afternoon
13 for us. Oh, there is one. I'm sorry, we have a
14 question.

15 MS. GRIMES: I assume this is from
16 Headquarters. And it's a two-part question. Where do
17 you believe budget shifts will be made at the NRC in
18 the next five years, besides more for various security
19 issues, where else will programs possibly grow or
20 shrink and what are the influencing factors?

21 The second part is nuclear medicine isn't
22 such a media magnet, but certainly a very important
23 area for us all. What can you tell us about trends
24 and issues?

25 CHAIRMAN MESERVE: As a regulatory agency,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 we of course, have the responsibility to deal with
2 work that our applicants bring to us to deal with the
3 inspection of those facilities that we have already
4 licensed. So I think that we ought to, in our budget
5 process, we ought to anticipate that we will have to
6 consider changes to the budget that reflect changing
7 work that the Agency has. I'm not saying anything
8 very profound here.

9 But I think the fact of the matter is is
10 that we do see at the moment, great interest in
11 relicensing, that work is going to continue and
12 expand. We see continuing interest in power up rates,
13 reactors and we see interest in the prospects for new
14 construction in that we have in 2003, as I mentioned
15 or 2004, three early site permits.

16 We have a whole series of either
17 certifications for designs or the preapplication
18 process for designs, a couple of different plants than
19 we thought were going to be coming to us just a few
20 months ago will be -- and now they've indicated
21 they're going to come to us for work.

22 Atomic Energy of Canada, for example, has
23 visited the Commission just two weeks to say that they
24 were going to start the process for certification of
25 an advanced CANDU reactor. It's a heavy water

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 automated white water cooled reactor. So we're going
2 to have to devote and will be devoting resources to
3 deal with those sorts of issues.

4 I think we have to anticipate that we may
5 see some entirely different reactor designs than we
6 have seen in the past in that there's less interest in
7 the double bed reactor as a result of decisions made
8 by Exelon, but there seems to be a stronger interest
9 in the General Atomics gas reactor. So that's an area
10 where investment is going to be necessary if we, in
11 fact, are going to be put in the position where we
12 have to certify a design, require us to rethink the
13 regulatory foundation which are, of course, designed
14 for light water reactors. So I see those kinds of
15 shifts that we're going to have to undertake in the
16 reactor arena.

17 In the waste arena, we see the prospect,
18 for example, of Yucca Mountain, and the possibility
19 that Congress will approve that and that it will have
20 an application there. So we have had an investment in
21 that area in the past. It's going to have to grow to
22 be able to handle that license application.

23 We have a whole series of other waste
24 issues. We had a question this morning about problems
25 with low level waste. That is an issue which the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 government as a whole and Congress is going to have to
2 grapple. It will have implications for us when the
3 situation dealing with low level waste is corrected.
4 So we'll have some business in that area.

5 In the materials area, it's clear that as
6 a result of security, that there is going to have to
7 be a renewed change, regulatory focus on the way we
8 regulate materials to deal with security issues. I've
9 already mentioned the need for us to rethink how that
10 program should be shaped, where we have possibility,
11 at least of more agreement states and how we do our
12 business that we can maintain a central focus here and
13 capability here to try to deal with being able to be
14 the leader on materials issues, but recognizing a lot
15 of licensing authority is elsewhere.

16 Above and beyond that, we have these human
17 capital issues that we've been dealing with to oversee
18 the strengthening and rebuilding of the Agency in the
19 human capital area. We'll no doubt have continued
20 evolution in information technology that will be
21 important for us to stay even with, and I see a whole
22 range of areas where they're going to have to be
23 adjustments that we ought to expect. They're just
24 part of life in a modern agency.

25 COMMISSIONER DIAZ: If I may add something

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 to that? I know that we all get concerned that as we
2 put resources in the security, the physical security
3 area, that that might take away from everything else.
4 We, of course, hope that is not the case, but there is
5 something that always happens in democratic systems
6 like ours and that is when you have concerted efforts
7 to make something better like in the area of security,
8 there is always something good that happens in the
9 area by the side of it. I really am an optimist. I
10 would expect that efforts that we put into making the
11 materials area better or the security of reactors
12 better, that essentially we learn from all those
13 processes and they become part of a more effective
14 organization. So I would expect to see that as the
15 years go by that all of these efforts actually will
16 improve the way we do business over all.

17 CHAIRMAN MESERVE: The second part of the
18 question had to do with nuclear medicine and some of
19 my colleagues may have some views on this, but as you
20 know, we have a new Part 35 that is in place. There
21 is guidance documents being developed in that area and
22 I would not see that as an area for very heavy
23 Commission engagement other than the need perhaps if
24 some issues arise in the actual implementation of Part
25 35, there might be some small changes we need to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 consider. But I'm hopeful, and I think and suspect
2 that all of us are hopeful, that with the new Part 35
3 we have brought stability to that area from the
4 regulatory point of view. There may be some
5 corrections that need to be made that will reveal
6 themselves, but that is not an area where I would
7 anticipate a lot of policy action by the NRC over the
8 next couple of years.

9 QUESTION: May I ask a question? Reading
10 the "Do I Have News for You" from the NRR Office,
11 every month same welcome to new employees.
12 Presumably, some of those employees are switched from
13 the private industry to the government sector. Also,
14 we all know that private sector operates differently
15 from the government agencies. Do you have words of
16 wisdom for those new employees so that to make their
17 switch over more timely, effective and maybe
18 contributing more to the NRC organization?

19 CHAIRMAN MESERVE: I guess I'm trying to
20 think about my own experience. I'm somebody who most
21 of his career was in the private sector and came here.
22 I must say that the transition was one that was in my
23 case I didn't find to be very difficult in that I had
24 been grappling with many of the same policy issues,
25 perhaps representing licensees rather than being on

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 the NRC side of the table. But that my experiences in
2 the private sector were not all that different in
3 terms of the kinds of considerations that you were
4 weighing that I've had to try to deal with since I've
5 been here at the Commission.

6 So I would not, myself, have expected that
7 the experiences that people would have in the private
8 sector in terms of what the problems are and how you
9 address them would be ones that would be all that
10 foreign to the way that they'd be expected to interact
11 here at the NRC.

12 There are, obviously, ways in which the
13 government does business that you need to respect and
14 everyone needs to learn those as being part of the
15 process and that's part of the introductory process
16 that is provided to new employees.

17 Perhaps some of my colleagues have some
18 insights?

19 COMMISSIONER DIAZ: Learn to speak the
20 language.

21 (Laughter.)

22 It's a good thing to do quickly.

23 COMMISSIONER MERRIFIELD: I'd say in the
24 first piece of guidance I would give to people is to
25 leave the word "bureaucratic" at the door. There's a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 lot of baggage that people have about working for the
2 government, or at least a preconception of what it
3 means to be in government service. Now like the
4 Chairman, I've been in and out of government service
5 during the entirety of my career, far more in the
6 government than out of the government. During the
7 time I spent up on Capitol Hill, I had a significant
8 amount of interactions with EPA, DOE, DOD and this
9 Agency and I had, actually had involvement with a lot
10 more beyond that.

11 Now without commenting on some of the
12 other agencies and departments, I've said frequently
13 and I'll repeat it again, that we are blessed here
14 with having a highly qualified, dedicated, committed
15 work force. I mean it really is a blessing. And one
16 of the things, and I'm not b-s'ing on this one, one of
17 the things I say to myself quite frequently is how
18 lucky I am to be surrounded by people who are as good
19 as they are because it is all of you and all of the
20 hard work that you do that continue to make us look
21 good as a Commission. The success that we have had in
22 the three and a half years, plus, I've been three and
23 a half; Commissioner Dicus and Commissioner Diaz have
24 been here longer. The success that this Commission
25 has had over the most recent past is a result of the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 hard work that our staff has committed. So if you're
2 entering this work force, be ready to be engaged by
3 people who are smart, who ask challenging questions
4 and who really are committed to doing the best for
5 public health and safety. And so leave the word
6 "bureaucratic" at the door. That is not this kind of
7 agency.

8 CHAIRMAN MESERVE: Final question?

9 MR. EVERLY: It's a Headquarters question.
10 Where should the line be drawn when considering
11 providing information to the public and ensuring that
12 we are not giving too much information to the wrong
13 people/organizations, e.g., revealing how well safety
14 systems work?

15 CHAIRMAN MESERVE: I think that's hard to
16 answer that question in the abstract. One of the
17 realities since September 11th is that I think all of
18 us have to have a heightened sensitivity that we have
19 information in our possession, many of us in our jobs
20 that is information that would be of interest to a
21 terrorist and would facilitate an attack. And we need
22 to think much more seriously about how we handle that
23 information than perhaps we did before September 11th.

24 The Commission has tried to deal with this
25 issue with regard to sort of providing some guidelines

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 for the kinds of information that should be protected.
2 There is staff work that is going to be underway to
3 sort of revise the guidance and guidelines processes
4 for handling safeguards information, so that is an
5 area that we will be sharing some additional
6 information with the staff in the future as that work
7 unfolds.

8 But I think that was the last question.
9 I'd like to thank you all. This has been a very
10 interesting afternoon for us and I hope it's been
11 interesting to you as well.

12 (Applause.)

13 (Whereupon, at 2:55 p.m., the meeting was
14 concluded.)

15

16

17

18

19

20

21

22

23

24

25

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701