



U.S. Nuclear Regulatory Commission



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U.S. Nuclear Regulatory Commission

**Press Conference
of Chairman Richard Meserve**

National Press Club Luncheon

Thursday, January 17, 2002

Washington, D.C.

The press conference commenced at 1:00 p.m. at the National Press Club, 529 14th Street, N.W., Washington, D.C. Richard Ryan, President, presiding.

**P-R-O-C-E-E-D-I-N-G-S
(1:05 p.m.)**

MR. RYAN: Good afternoon, and welcome to the National Press Club. My name is Richard Ryan and I am Senior Correspondent for the Detroit News and President of the National Press Club. I just wanted you to know that today is the last luncheon that I will moderate as President of the Press Club, as we're having a transition taking place here today.

I'd like to welcome Club Members and their guests in the audience today and those of you who are watching on television or are listening to this program on National Public Radio. The video archive of today's luncheon is provided by Congress and is available to the National Press Club website at press.org. National Press Club luncheons are also carried live on many sites on the world wide web.

Press Club Members may also access transcripts of our luncheons at our website.

Non-members may purchase transcripts, audio and video tapes by calling 1-888-343-1940.

Before introducing our head table, I'd like to remind our Members of some upcoming speakers. Next Tuesday, January 22nd, Franklin Reins, Chairman and CEO of FannieMae will be here to address the Press Club.

On Monday, January 28th, Javier Gonzalez, President of the National Association of Counties will discuss a report on the front lines, "Safeguarding America's Communities from Terrorism."

And on Thursday, January 31st, Dr. John C. Brown, Director of the Los Alamos National Laboratory will be our guest.

If you have any questions for our speaker, please write them on the cards that are provided for you at your table. Please remember to write legibly, because if I can't read the question, I'll never be able to ask it and then I will have to ask many questions as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called, but please continue your applause until all head table guests are introduced. From your right and my left, Matt Wald, Reporter, New York Times; Stephanie Ingergoll, Energy Reporter, Bureau of National Affairs; Bill Miller, Homeland Security Reporter, Washington Post; William Beecher, Director of Public Affairs, Nuclear Regulatory Commission; Margaret Ryan, Executive Director, McGraw-Hill Nuclear Publications; Mike Childs, Chief of Staff to the Nuclear Regulatory Commission Chairman Richard Meserve; Frank Okifer, Chairman of the National Press Club Speaker's Committee and a former president of the National Press Club. And skipping our speaker for a moment, Barbara McCloud, president, McCloud International and the Speaker's Committee Network who organized today's luncheon. Thank you, Barbara.

A/g

William Travers, Executive Director for Operations, Nuclear Regulatory Commission; Brett Lieberman, Washington Correspondent, Harrisburg Patriot News; and Joe Ebert, Energy Writer, Associated Press.

(Applause.)

Richard Meserve, our guest speaker today, was sworn in as Chairman of the Nuclear Regulatory Commission in 1999. The Commission is an independent federal agency responsible for licensing and regulating nuclear facilities and materials.

At his Senate confirmation hearing, the late Senator John Chafee of Rhode Island told Mr. Meserve, the President was chosen wisely. You are well prepared for the job. But nothing, no amount of experience could have prepared Meserve or anyone else for that matter, for the horrific events of September 11th when suicidal terrorists flew commercial airplanes into the World Trade Center and the Pentagon. Until then, the greatest danger at nuclear plants had come from human error, such as the near meltdown at Three Mile Island in 1979 and the 1986 meltdown at Chernobyl.

But since September 11th, Mr. Meserve has spent much of his time trying to make sure that the nation's 103 operating nuclear plants are safe from terrorists. He called the attacks in New York and Washington a wake up call. He has ordered a bottom review of all safeguard and security measures, including a reevaluation of the design basis of nuclear plants to determine if they are able to withstand a direct hit from a large, fully fueled commercial jetliner.

Not only do the plants themselves provide a tempting target for terrorists, but the tons of highly toxic, radioactive materials stored at the plants could be utilized as weapons.

Mr. Meserve was born 57 years ago in Medford, Massachusetts. He received his Bachelor's degree from Tufts University in 1966, a law degree from Harvard in 1975 and a Ph.D. in Applied Physics from Stanford University in 1976. As a lawyer, he clerked for U.S. Supreme Court Justice Harry Blackmun. From 1977 to 1981, he served as a legal counsel to the President's Science Advisor, where he was responsible for policies related to energy, response to nuclear accidents and industrial innovation.

Before President Clinton appointed him to a 5-year term on the NRC and selected him as Chairman, Mr. Meserve was a partner in the Washington Law Firm of Covington & Burling, a firm he joined in 1981. During his legal career, he focused on a wide range of issues of law, science and technology including environmental law, nuclear licensing, nuclear proliferation and the counseling of high technology companies in scientific societies.

Mr. Meserve also knows a bit about the news business. He's the older brother of CNN anchor and reporter, Jane Pauley. So please join me in welcoming Richard Meserve to the National Press Club.

(Applause.)

CHAIRMAN MESERVE: Thank you, Dick, for that very generous introduction. I'm very pleased to have this opportunity to address you.

I suspect that you have a strong interest in security at nuclear power plants. I hope to provide you with a summary of how the Nuclear Regulatory Commission approaches security matters with a description of some of the actions taken in the aftermath of the September 11th attacks and with a survey of some of the major challenges ahead.

Let me make a few general points at the outset. First, and first most important, since September 11th, there have been specific credible threats of a terrorist attack on nuclear power plants. In light of the high general threat environment, nonetheless, we and our licensees have maintained our highest security posture.

Second, the physical protection at nuclear power plants is very strong. I know that there have been a lot of discussions concerning the adequacy of security in light of the sensitivity of these facilities. But let me assure you that nuclear plants are not soft targets. For decades, security against sabotage has been an important part of the NRC's regulatory and our licensees' responsibilities.

The plants are among the most formidable structures in existence and they are guarded by well-trained and well-equipped security forces. The security at nuclear plants and has always been far more substantial than that at other facilities and it has been augmented since September 11th.

Third, I want to assure you that the NRC is responding to the terrorist threat in a comprehensive fashion. September 11th has served to alert America to the need for reexamination of past practices. As a result, the NRC is undertaking a bottom review of our security program to ensure that we have the right protections in place for the long term.

Let me start by providing you with a more detailed description of our security requirements. Each licensee has a responsibility to defend its nuclear power plant subject to regulatory scrutiny by the NRC. Under our existing regulatory system, we require that our licensees demonstrate a high assurance that they can defend their facilities against design basis threat.

Although the details of that threat are classified, it basically involves a commando attack by several skilled attackers armed with automatic weapons and hand carried explosives and incapacitating agents. And with assistance by air, the use of a 4-wheel drive vehicle and vehicle bomb. Our licensees defend against such a threat by the establishment of a fence perimeter, usually a double fence, topped with concertina wire. Intrusion detection devices, layers of access control, heavily armed and carefully trained guard forces, armored defensive positions and a comprehensive defensive strategy.

The adequacy of the defenses is subject to detailed inspection by the NRC including periodic force upon force exercises designed to probe for weaknesses so that corrections can be made.

The design basis threat does not include an aircraft attack. In the aftermath of September 11, many have asked the consequences, if a large, aircraft, fully loaded with jet fuel, had crashed into a nuclear power plant. We had to say that we were not sure.

We know that reactor containments are extremely robust, typically being constructed with 2 to 5 feet of reinforced concrete with an interior steel lining. The plant benefits from redundant and safety equipment so that if any active component were unavailable there is another means to satisfy its function.

The operators are trained to respond to unusual events and carefully designed emergency plans are in place.

Nuclear power plants are certainly far more capable to respond to an aircraft attack than other civilian facilities. NRC has never previously had reason to perform a detailed engineering analysis of the consequences of a deliberate attack by a large airliner. We are performing those analyses now.

I am sometimes asked whether terrorists might be able to gain employment at a nuclear plant. Let me describe the regulatory requirements that bear on this issue.

At the time of employment, every potential employee will have access to safety equipment. He's required to pass background checks including examination of past employment, references, credit history and an FBI criminal record as well as to undergo psychological testing. During the course of employment, each employee is also subject to fitness-for-duty requirements which include random drug and alcohol testing.

Behavioral monitoring of employees is also required so as to ensure that any aberrant actions receive appropriate attention. Of course, access to the plants is controlled and there are portal protectors for metals and explosives. We are examining whether these requirements should be supplemented in the course of our talked about review.

Let me turn now to the events on September 11 and the NRC's subsequent actions. Shortly after the second crash at the World Trade Center, the NRC activated its Headquarters Emergency Operations Center and the parallel Incident Response Centers in each of the NRC's four regional offices. We immediately called for our major licensees to go to the highest level of security which we have maintained since that time and augmented as circumstances warranted.

This heightened security stance generally includes, among other resources, increased patrols, augmented security forces, weapons, additional security posts, heightened coordination with law enforcement and military authorities and additional limitations on access of personnel in vehicles.

The NRC safeguard analysts have worked continually with the intelligence and law enforcement agencies to assess the general threat environment as well as information about specific targets. In order to assess whether terrorists might be conducting surveillance of nuclear facilities, we with the assistance of federal, State and local law enforcement agencies have carefully examined unusual incidents such as flyovers, threats and a possible probing of defenses.

NRC investigators have also examined incidents over the past two years that might have seemed innocent or ordinary at the time, but that in retrospect might suggest a pattern that should be referred to the FBI for follow up.

As you might expect, there have been extensive interactions with other government agencies. We work closely with the new Office of Homeland Security, the FBI, the Federal Emergency Management Agency, the Federal Aviation Administration, the military and the Department of Energy, among others. And I have communicated with the Governors of 40 States to ensure that any State defensive assets, that is National Guard or State Police, are used as needed to augment our licensees' defensive strategies.

Let me turn now to some longer term challenges. The Commission has not yet had the opportunity to complete its consideration of some of these issues, so these comments should be seen as my own.

I shall first discuss the context for examining the security of nuclear plants. As you know, there have been numerous discussions about the potential vulnerability of nuclear plants from terrorist attack. Some argue that the only acceptable response to the risk is to shutdown the nation's reactors.

Others contend that we can continue with nuclear power which provides about 20 percent of the nation's electricity as appropriate security measures are in place. The crimes of September 11th were designed to shock the American in part by the very fact that they involve such large and imposing targets.

In the effort to ensure that no such horror ever occurs again, there's a danger of drawing the wrong lesson from attacks, of blaming the victim so to speak. The destruction of a skyscraper does not suggest it is a mistake to build skyscrapers any more than the dissemination of anthrax spores through the mails proves that it is an error to offer postal service.

If we allow the threats of terrorists to determine what we build and what we operate, we would be headed into the past back to an era without suspension bridges, harbor tunnels, stadiums, hydroelectric dams, let alone skyscrapers, natural gas terminals, chemical factories or nuclear power plants.

The problem is not the terrorists' targets, but the terrorists themselves. It is they who need to be eliminated, not the creations of a modern, industrial society. It is thus my view that a strategy of risk avoidance, the elimination of targets by the elimination of potential targets does not reflect a sound response, rather, the evaluation of the terrorists' infrastructure, including nuclear plants should include a careful and realistic examination of risks and benefits and development of appropriate defenses in light of those risks and benefits.

September 11th has made clear that our society must increase the vigilance with which we defend ourselves against a terrorist attack, but the reality is that as a society we do not have infinite funds to spend for this purpose. Accordingly, we must allocate our defense resources in a fashion that serves to minimize the total risk. As a result, any policy regarding the defense of nuclear facilities should be integrated with the overall response to the threat to infrastructure of all kinds.

Clearly, this is not a task that the NRC can undertake alone. We have sought and will continue to seek appropriate defenses at facilities subject to our jurisdiction. We also look forward to working with the Office of Homeland Security and ensure that our strategy is coordinated with the nation's overall defensive posture. I see this as a great challenge however, because the task is large and the extent of infrastructure involves government at all levels.

The second policy issue that I would like to discuss relates to public and private roles in the defense against terrorism. This is an issue that the events of September 11th have brought clearly to the fore.

As I have explained, the NRC licensees must defend nuclear power plants against the design basis threat. September 11th obviously revealed the type of attack, a suicidal assault using a large commercial aircraft, that has not been part of the NRC's planning or that of any other agency with similar responsibilities. Moreover, the event has demanded that the NRC and its licensees reevaluate the scope of potential assaults of all types.

There are limits, however, as to what should be expected from a private guard force, even as assisted by local law enforcement. For example, if it were determined that nuclear plants should be defended against aircraft attack, it is hard to conceive that the NRC would expect licensees or local law enforcement to acquire and operate anti-aircraft weapons. Rather, this obligation would be one for the military. Similarly, there might be other types of attacks that should involve governmental response putting aside the assumed attacking force or the equipment that must be employed for defense.

As a result, in its development of policy, the NRC must be prepared to differentiate the defensive obligation it has to its licensees from that which must be undertaken by the Government. If part of the top to bottom review that I mentioned earlier, the NRC is examining the new threat environment in coordination with various other agencies.

There may also have to be an additional discussion with the military, the States and local law enforcement about the provision of government assets at appropriate times. I do not expect that assigning the appropriate boundary between the public and private sector in the defense of nuclear facilities will be easy.

The third issue relates to the balance between security and openness. The NRC has sought to achieve public confidence through a variety of means, but perhaps the most effective tool has been a policy of transparency. We recognize that decisions made behind closed doors may be viewed with suspicion. We have therefore sought to assure open decision-making processes that would enable the public to be fully informed of the issues before us. We cannot aspire to a world

will be satisfied by our decisions, but we have hope that all would see that our decisions were reached through fair processes.

September 11th has made clear that we need to rethink just how open we can and should be with respect to physical security issues. In this process, we must give due regard to two vital, but competing interests. The first is the public's right to know, a right that is grounded in law and that is one of the most cherished principles of our democracy. The second is the need to keep sensitive information away from those whose purpose is to destroy that democracy. We are striving for an appropriate balance between openness and security.

The final challenge I would like to mention is the need to accomplish security reform at a time of major transition in the energy sector. Over the past year or two we have seen a quiet renaissance in the nuclear business. The nuclear companies have become leaner and meaner, more efficiently run with far fewer outages and greater reliability.

In the past decade, the average capacity factor which is a measure of plant utilization has jumped from 70 percent to nearly 90 percent. Not surprisingly, as the electrical production of the average plant has increased, the cost of the electricity has declined. As a result, the production costs of electricity from nuclear plants is less than that from its competitors, coal and natural gas. And nuclear is not burdened with emission constraints and concerns about global warming that attend fossil fuels.

Most importantly, by all objective measures, the safety performance of nuclear plants has improved in parallel with economic performance. The NRC tracks significant events, safety system failures, unanticipated plant responses, degradation of key systems or components, operator errors. The number of significant events has declined 99 percent in 15 years. It is not an accident that safety performance and improved economic performance should be linked together. Both are furthered by preventive maintenance, better training of operators, and the fostering of a safety culture.

Just a few years ago, some pundits claimed that restructuring in the electricity business would leave to the premature shutdown of nuclear plants. But as a result of this strong economic and safety performance, we are instead seeing among our licensees in expanding their activities. Generating companies are seeking the renewal of the licenses for existing plants so as to allow operation beyond the initial 40-year term. And some are even contemplating new plant construction.

License renewal involves a careful examination of the systems of a plant that are subject to aging, so as to ensure that safety margins are maintained over an extended operating period. We have renewed the licenses for eight plant sites already and either have applications or expect applications from literally the entirety of the remaining 95 plants. We are committed to a thorough expeditious review of each application.

New construction offers the promise of improvements in both safety and in economics, but new construction presents a significant challenge for many reasons, including that new construction might involve designs that are completely different from existing facilities. For example, there are discussions of reactors that are cooled by helium, rather than water. We have started to prepare for the possibility of new applications so as to ensure that we have the appropriate regulatory and analytical tools in place.

I mention these developments because even before September 11th, the NRC was an agency that was confronting significant challenges. Fortunately, we have used the past quarter century to good advantage improving our preparedness to accommodate technological and economic developments. If society decides to expand reliance on nuclear power, the NRC is prepared to perform its role of protecting public health and safety.

Let me note in conclusion that we live in very uncertain times. And it's difficult at this juncture to predict how the challenges I have mentioned will be finally resolved. I hope I have left you with the awareness that the NRC takes its obligations very seriously.

Thank you for allowing me to join you. I would be happy to respond to questions.

(Applause.)

MR. RYAN: Thank you. During your speech you described a training scenario in which a force was repelled from a nuclear power plant, but this question notes that there are recent reports that 50 percent of the licensees have failed the tests in this mock scenario. What's your response to that?

CHAIRMAN MESERVE: I think that one could quibble about the statistics, but really the fundamental point is that force-on-force activities to test defenses are very hard tests and we're hard graders.

Let me explain a little bit about why we view them as hard tests and that in these exercises, the attacking force

information about the entirety of the defensive strategy of the facilities, so the tasks are designed to probe whether that full knowledge of the defensive strategy would give the adversary and the purpose of the test, of course, is to evaluate whether those weaknesses are real or not and to assure that the plants are revised and their behavior is in order to be able to deal with those threats if it ever should arise. So these are very hard tasks and they're ones that should be reassuring to the public because before September 11, we had in place a system to try to make sure there was adequate security at these plants.

MR. RYAN: Do the guards at nuclear facilities now have the authority to shoot to kill and if not, is this being considered?

CHAIRMAN MESERVE: We do have legislation that is pending before the Congress to try to federalize the requirements for the use of deadly force by the guard forces. At the moment, the guard forces are governed by State law and the requirements with regard to the use of deadly force do vary from State to State.

We want to make sure and through federal legislation seek to have the authority that those guards are under a uniform system so that they can take appropriate actions without any concerns about State law issues.

MR. RYAN: A questioner wants to know what kind of incentives might be offered to private industry to get them to provide security on nuclear plants and then a follow-up question to that would be should State and local governments be required to help pay for this extra protection?

CHAIRMAN MESERVE: Well, let me say that the requirements for the defense of the facilities are ones that are more stringent requirements and as I indicated in a response to the last question, there are requirements that are subject to more regulatory scrutiny. So we have a system in place that doesn't require special incentives to shore up the plants. We have a regulatory system in place that is intended to assure adequate protection. And of course, the licensee themselves, have a very significant asset at these facilities and it is in their interest as well to assure that these facilities are protected.

The question with regard to the payment by State and local for the defense of facilities is the sort of issue that needs to be examined. As I have mentioned in my comments, we see a need for drawing a line between the licensee and those of the Government in responding to events. We don't see this as necessarily being a situation in which the facilities would be State or federal assets, a necessity that would be permanently assigned to the facilities. We would see the facilities as assets that would be deployed as the circumstances warrant, just as the police would come to your home in the circumstances warrant.

MR. RYAN: A couple of questioners had asked sort of what's your thought about the legislation that has been introduced in Congress to federalize the guard forces at the nuclear power plants and do you think this is a good idea?

CHAIRMAN MESERVE: As the question indicates, there is some legislation in Congress that would take the private guard forces that exist at nuclear plants today and would make them federal employees and the NRC has very strenuously opposed this legislation.

First, we don't see that there's a problem today. The private guard forces that we have in place at these facilities are not-a-cops. They're not the kinds of forces in which we're all familiar that have existed in the past at airports. They're people who take their job very seriously. They're comparatively well paid. There is high retention rate in the industry. These people. They receive training, of course, on the job in order to make sure that they can fulfill their responsibilities.

They also have experience. About two thirds of them, as I understand, have previously worked in law enforcement, military security or in industrial security. So this is a guard force that is already very experienced and in place. It is a guard force which we have the sorts of problems that people have discussed with regard to airport security.

The second point I would make is that if we were to federalize the guard force, we then put the NRC in the position which we're required to exercise regulatory scrutiny over the facilities with regard to the safety of operations, but the NRC would be the management authority with regard to security in the facilities and we sort of come into a bit of a conflict situation.

In fact, if we were to assume the entire nuclear guard force, we'd have far more guards who would be our employees than we have of the kinds of people we have today to fulfill our regulatory functions. So we would really become a safety agency, far more than we would be a safety agency. I believe that's a deflection of our mission.

The third point I'd raise and this is really a fundamental point. You create a conflict situation. If you had an emergency were to arise at a nuclear power plant, you have a licensee who would be obliged to take steps to deal with the situation and that a management structure that would report to us that has responsibility for assuring security. You understand the command and control problems in our emergency circumstances that you would create by having

parallel structures that have to operate in the same place at the same time and obviously there could be conflict that arise, could be very difficult to deal with in those circumstances.

So we don't see that the current system is one that creates a problem. We see difficulties if, in fact, we were to guard forces and so we have not seen this as an appropriate step.

MR. RYAN: This question notes that Congressman John Dingle from Michigan has requested an investigation into security provisions. Do you think that this investigation is warranted?

CHAIRMAN MESERVE: Well, let me say I think that the Congress obviously has an important oversight responsibility of the Federal Government. There obviously are concerns that the public has had as to the adequacy of nuclear facilities in light of their sensitivity. And so that I think this is the sort of action that Mr. Dingle has initiated that is appropriate for a Congressman to take in an area that's of public concern.

I have indicated to you the types of activities that are in place at the facilities. We've done a lot of things post-September 11th to strengthen those facilities and I'm confident that will come out of this kind of examination with an indication that the NRC has been doing its job.

MR. RYAN: You mentioned after the September 11th attacks you ordered a top to bottom review of power plants. When do you expect that this review will be completed?

CHAIRMAN MESERVE: I see this is a continuing activity. When I say a top to bottom review, we are looking at all of our activities, not only the regulatory requirements dealing with licensees, but the mode of our interaction with agencies, the means by which we have to handle classified information, communicate that to our staff and handle it. There's a whole series of issues that have to be addressed, things that we've learned as a result of September 11th.

I don't see that there's going to be any magic end date for this. We have as continuing activities there's a whole series of steps we've taken already. There's steps that we're going to be taking in the months ahead, and at this juncture for me to see exactly when the entire process will end. It's not going to be a magic moment when we're going to see this activity is over.

MR. RYAN: This question may be somewhat similar, but the questioner asks what is taking so much time for the Commission to agree upon a revised design basis threat? Is the Commission waiting for Congress to take the lead?

CHAIRMAN MESERVE: Well, let me say that this has been an issue that has been -- the fundamental question is the adequacy of the defenses at nuclear facilities and this has been something that has been of continuous examination by the NRC, to some extent before September 11th and with great vigor after September 11th.

We have, as I indicated in my talk, required our licensees to take a large number of additional actions to strengthen the defenses of their facilities after September 11th and that is a matter that is under continuing discussion by us as we continue our evaluation. So this has been not been something that has been activity that has lacked for attention. It has been something we have been continually examining and there are a number of steps that we've already taken and there are a number of things that we're examining for the longer term.

MR. RYAN: You said in a speech last November in Atlanta that you sometimes feared that press accounts about threats to nuclear plants may actually invite terrorist attacks. Do you still believe that?

CHAIRMAN MESERVE: Well, the concern I have is really quite simple is that I've explained to you the nature of the defenses that exist at the facilities and the concern that we have is by suggesting that a facility is vulnerable you invite somebody who would not otherwise consider attacking the facility to attack it. I'd rather not have the defenses at nuclear plants be actually challenged by real events. I'd like to have it all be our force-on-force exercises.

The concern has been by suggesting that there are light defenses at nuclear plants or any other structure in the United States you may be suggesting a vulnerability that a terrorist might seek to exploit.

MR. RYAN: I think a number of States, including Maryland, have begun or agreed to start stockpiling potassium iodide for treatment for a potential nuclear attack or an attack on a nuclear facility. Is this a good idea?

CHAIRMAN MESERVE: For the benefit of everyone in the audience, I might explain that potassium iodide that one takes immediately before or immediately after an exposure to radioactive iodine and if one has consumed potassium iodide that the potassium iodide would saturate the thyroid and provide protection from the iodine that is arising from the radioactive exposure.

Long before September 11th, in fact, it was January of last year, the NRC imposed an obligation on States which primary responsibility for implementing protective emergency response plants at nuclear plants, to consider the potassium iodide to supplement the traditional tools which are the evacuation of people or the sheltering of people there's a nuclear event. So in January a year ago, we had requested the States or actually required the States to stockpiling potassium iodide and making it available to people in the emergency planning zone which is the region in the vicinity of the plant that might be exposed.

We have been awaiting guidance from the FDA as to dosages which in that guidance we've been working with that guidance was issued in December of last year. The NRC has made available funds to the States so that if a nuclear event comes to us and would like to stockpile potassium iodide, the NRC will take responsibility for the initial purchase of potassium iodide for people in the emergency planning zone.

So this is something that we have seen as a useful supplement to evacuation and sheltering in particular situations something we want the States to consider and we have tried to facilitate it by providing funds and actually providing potassium iodide to States that were interested in taking up this offer.

MR. RYAN: I remember the President's budget, the energy budget, put emphasis on new development of nuclear power. Has the events of September 11th actually slowed this down and by how much?

CHAIRMAN MESERVE: The NRC's responsibility, of course, is assuring the safety of the plants. We don't make decisions as to whether someone should decide to construct a new plant. So I don't have any reason to have any first-hand knowledge of the climate, other than the fact that the licensees that have had interest in pursuing this have continued to have interest and so from all the indications that we receive which is obviously not complete, is that the interest in new construction has remained strong after September 11th.

MR. RYAN: On that same line, do you have any predictions when we might see nuclear power plants, new ones in this country?

CHAIRMAN MESERVE: Well, I think there's a number of things that have to be put in place before that occurs and one, of course, is having some assurance to the economics of the plants, particularly of the new designs. I know there are companies that are interested in exercising some of the regulatory options that we have in place for dealing with new construction and that is to have an early site permit so that a site would be available. We already have certified some designs and there is a large number of interest among companies that would like to fabricate nuclear power plant components for us and have advanced certification of the safety of the designs.

So we have -- and that has certainly continued and I would expect that if there were new construction that someone would use the benefit of the early site permit and use a certified design and come to us as that of being a vehicle for construction. There are other options that are available.

We see that the interest is continuing. There have been some that have been quite optimistic and have talked about prospects for being able to come to us and talk within a year or two of possibly submitting a license application.

MR. RYAN: We've all read about the thousands of tons of nuclear waste that are being piled up around plants. A question I would ask is what is being done to protect that nuclear waste and how could that waste be used by terrorists? Should it somehow get a hold of it?

CHAIRMAN MESERVE: Well, the principal waste that people are concerned about is the spent fuel which is removed from the reactor and today it's either stored in spent fuel pools at the reactor sites or is put into dry cask storage. We believe that both of those methods for storing nuclear fuel are safe. In fact, we believe they're safe for decades.

There has been concern that's been expressed, particularly after September 11th about the potential vulnerability, particularly, of the spent fuel pools. I perhaps ought to put this in context by explaining that the spent fuel pool is on the reactor site, so that it has -- it's always on the reactor site, so it has the benefit of the security forces and defenses that I've described for the nuclear power plants.

The structures are five or six feet of reinforced concrete with a steel liner, so these are not particularly vulnerable structures. What one worries about is an event in which there is a drain down of the fuel, the water that is in a spent fuel pool were to drain away and somehow we would get to a situation where there could be a fire. Well, the structures are very robust and the likelihood of a drain down event is one that is -- there's some confidence that the structures can withstand an attack, have the guard forces that are there as well.

If you did have a drain down event, you have the opportunity to put water back in the pool, be able to restore the pool. So this is an issue that is obviously one that we're examining. It's obviously one that we're considering in the

post-September 11th world, but this is an area where the physical nature of structures is one that should give some assurance.

The concern, I guess, would be that a terrorist, number one, would do something that would cause -- the question is how could this material be used by terrorists. One concern is that it just might be blown up in place or set on fire in place in what I have described and therefore you would have a radioactive -- what I have described is how we confront that situation.

Another possibility that some have suggested is that the material might somehow be removed from the spent fuel taken someplace else and then perhaps dispersed by nature of explosive or something of that kind. Well, the real material is in a spent fuel pool is that it's highly radioactive and so that there would be great danger to a terrorist were to handle this material. And they're not particularly physically simple to move around. These are large structures this is not something that's sort of easy for someone to acquire and to be able to use.

MR. RYAN: This questioner would like to know if the waste material is actually tagged so that if it should fall into hands, if you could identify where it came from?

CHAIRMAN MESERVE: Waste material is tagged?

MR. RYAN: Is tagged, yes. Some sort of identification of the material from Calvert Cliffs or from some other plant?

CHAIRMAN MESERVE: Well, the material is maintained under very strict scrutiny at the facilities so that there is particular labeling at the facilities, but there has to be security and inventorying of the materials at the plants to that it's the material of spent fuel is where it's supposed to be. So that this is -- this is not something that's part of a regulatory system if there were to be a disappearance of spent fuel, we and the licensee would know about it as it was happening, I'm sure, because it would require someone to get through the defenses to get to the material in the place.

MR. RYAN: This questioner notes that there was an FBI advisory sent out last night about terrorists potentially getting information off of the web. How does this affect the NRC and these nuclear power plants?

CHAIRMAN MESERVE: The questioner is correct, the FBI issued an advisory last night that many of you may have seen there was uncorroborated evidence that Al-Qaeda may have been probing websites to gain information among different types of facilities, including nuclear power plants.

This is the sort of information that we pass along to our licensees and in the case of threat advisories to inform them that this sort of thing is going on. Let me say that with regard to the NRC that immediately after the September 11th we brought down our website because of concerns that it contained information that might be of value to terrorists. We have been repopulating that website over time as we've been satisfied that the information is something that we can adequately release.

And similarly, our licensees have done the same thing, that most of them have screened their websites to assure that it is not information that's on the website that could be of significant use to a terrorist attack. But we have this information. It's uncorroborated information, at least, and the advisory as it existed last night and it's the sort of thing we do tell our licensees about through a threat advisory system.

MR. RYAN: Keeping with this on-line, a couple of questioners would like to know when does the NRC plan to reinstate the on-line plant security report and if so, when. And this questioner notes that plants status and incident reports are available on the web. And how will you plan to keep the public informed about these discussions, unless they are available on the web?

CHAIRMAN MESERVE: This was really a concrete example of the policy issue that I mentioned in my remarks, that is a serious challenge in trying to find the appropriate balance between the interest of security to make sure we don't release information that could assist a terrorist attack, while simultaneously meeting the need to assure the public has information in which it's interested that relate to the facilities.

In these reports of the types of things that we have been considering in trying to find out at least what aspects of information could provide on an

on-going basis to our licensees and the public and contractor, the challenge of course is to make sure they don't release information in them that would reveal a vulnerability even if only a short-term vulnerability at the plant.

MR. RYAN: How does the threat of cyber terrorism impact the nuclear power industry. I suspect that means if you

the computers at the plants.

CHAIRMAN MESERVE: One of the aspects of course, of the September 11th world is you need to look at attacks - types. And cyber attacks, both on the NRC's own computers and on the licensee facilities are something that you to have concern about.

We have some confidence in this area because of the large number of measures that were put in at the time of the millennium turnover to make sure that we had systems in place that provided us with adequate confidence on our safeguards of our security system. And our licensees have done the same. But this is something that deserves our attention by both licensees and the NRC and that is current.

MR. RYAN: President Bush is expected to release the new budget on February 4th. What do you think we'll find in the budget to prevent or help prevent terrorism at nuclear facilities?

CHAIRMAN MESERVE: Although the NRC is an independent agency, I don't have the authority or the inclination to release the budget before the President does.

(Laughter.)

So I'm afraid that's not a question I can answer at this time.

MR. RYAN: Secretary of Energy Abraham I think announced last week that he decided that Yucca Mountain would be a repository for the spent fuel we've been talking about. How long away is that going to be and do you think that will happen? I know there has been a great deal of opposition from Nevada officials about that.

CHAIRMAN MESERVE: Well, let me say that the whole issue of Yucca Mountain is one that will be increasingly before the NRC if the whole series of events take place. The way the statutory system is structured, the Secretary of Energy is obligated to make a recommendation to the President and what was announced last week was Secretary Abraham announced an intention to recommend to the President that the Yucca Mountain project proceed and that he establish a repository. There's a 30-day period once the Secretary makes that announcement before the actual recommendation is submitted to the President. It's a statutory requirement.

The President then has an opportunity to make a decision and after he makes a decision, then the State of Nevada, the Indian Tribes or other States can register their objections and if they do, it then goes to the Congress for a determination as to whether the project should go forward.

If the project succeeds in passing all of those hurdles, then the Department of Energy has the opportunity to process the license application which it then would submit to the Nuclear Regulatory Commission and by statute we have a 90-day period which can be extended for us to complete a licensing action and make a decision as to whether this facility is adequately protective of the public health and safety and therefore can be constructed and operated.

Our processes involve a public hearing process and so we would anticipate that if a decision is made to go forward there will be a very major administrative hearing that no doubt will involve Nevada and no doubt others in opposition to the granting of a license amendment.

So there is a whole series of decisions that need to be made before we even get to the stage where a license application can be filed. And then there's a long process that will occur before the facility could be licensed with the NRC serving as the regulator for the facility.

I think all that means is one ought not to expect that this is a facility that's going to be open in the near term.

MR. RYAN: This questioner wants to know that the Enron disclosures that we've heard so much about lately have you to rethink NRC's move to increasing reliance on self-regulation by licensees and energy managers.

CHAIRMAN MESERVE: Well, I'm a little bit puzzled by the question in that we are not moving to self-regulation by licensees. We have obligations that we fulfill and that our -- we need to be able to do.

We have changed our regulatory philosophy somewhat in that in recent years we've tried to move toward a paradigm of regulation that we call risk-informed regulation and that is we try to use risk considerations to guide us on where our regulatory emphasis, where our inspection emphasis should be. And that has meant that there are some areas that have been determined are not of particular regulatory significance and may be getting less scrutiny than they have in the past because things that have regulatory significance and have risk significance are getting greater scrutiny.

So we have sort of moved to a different paradigm in how we do our business with regard to inspections. We're using the same philosophy to look at our regulations themselves in trying to use risk insights to see how we should adjust the regulatory system. Where the burdens are excessive and serve no purpose, we should be prepared to be able to remove them. Where risk insights say we're not doing the job as thoroughly as we should, we should be prepared to increase the requirements, using sort of as risk as the tool by which to examine the entirety of our regulatory program and to make our efforts where we think they should be.

MR. RYAN: A question of relative importance, from my home State of Michigan. What impact will the Freedom Car have for nuclear power? It says can nuclear power be used to supply the hydrogen, thereby minimizing greenhouse gas emissions?

CHAIRMAN MESERVE: The Freedom Car, of course, is a Presidential Initiative to use fuel cells powered by hydrogen as a means for the motivating force and in vehicle transportation. This is not an initiative that directly involves the NRC, but I'm aware of it because I read the materials that all of you prepared and publish.

But the reality is, of course, that viewed from a whole cycle point of view, if the purpose is to eliminate fossil emissions, one needs to look at the source of the electricity that is going to be used to generate the hydrogen and so you'd be interested in considering whether there are non-fossil sources for that electricity and in order to ensure that the benefits of the Freedom Car would be achieved. So that is certainly an aspect to the issue, but it's not been one directly involved with the NRC.

MR. RYAN: Before I ask you the last question, I have a little bit of business I'd like to do up here. The first thing I'd like to present you with a certificate of appreciation for your appearance here today at the National Press Club.

And of course, the famous National Press Club coffee mug or what other kind of mug you'd like to use it for, I'd like to present it to you and then finally as the last question and we're nearing the end so I think you can probably make it short. The questioner asks since September 11th are you more nervous about visiting nuclear facilities and if not why?

CHAIRMAN MESERVE: I am certainly not more nervous about nuclear facilities. I've never been nervous visiting nuclear facilities. I have the advantage of having learned a great deal about them and am confident that they are facilities operating safely and I'm very comfortable being in the vicinity of them.

Thank you very much. I have very much appreciated the opportunity to meet with you today.

MR. RYAN: Thank you, Dr. Meserve.

(Whereupon, at 2:06 p.m., the press conference was concluded.)