

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
+++++

ALL EMPLOYEES MEETING

AFTERNOON SESSION

+++++

WEDNESDAY,

MAY 26, 2004

+++++

ROCKVILLE, MARYLAND

The All Employees Meeting convened on the Green at One White Flint North, 11555 Rockville Pike, Rockville, Maryland, at 1:30 p.m., Nils J. Diaz, Chairman, presiding.

PRESENT:

NILS J. DIAZ, Chairman

EDWARD McGAFFIGAN, JR., Commissioner

JEFFREY S. MERRIFIELD, Commissioner

P R O C E E D I N G S

(1:31 p.m.)

MS. NORRY: Good afternoon. Thank you. I was only waiting for someone to say good afternoon. This is a larger crowd than the morning crowd, so hopefully we'll have even — we had a lot of good questions this morning, and so hopefully we'll have even more this afternoon.

You all know the drill in terms of passing out your written questions, and we have people who will collect them. And then if anyone is brave enough to go to the mic and ask a question, we have microphones for that purpose.

These people will be reading the questions this afternoon, Mauricio Vera from SB CR, Susan Cusseaux from HR, Jeffrey Mitchell from ADM, and Rhonda Bethea from NSIR. And with that, I'd like to turn this over to Chairman Diaz. Mr. Chairman.

CHAIRMAN DIAZ: Thank you, Pat, and good afternoon. A couple of comments. First, you will notice the diversity in the Commission, a Commissioner from New Hampshire, actually two from up north and one from the deep south. They're taking their coats off. I probably need to have an overcoat at the present time.

Second comment is that obviously I have under-estimated the capability of Pat and Human Resources to do good things, because they managed to reduce the temperature forecasted for today by 8 degrees and added a breeze. We do appreciate it. It is good work. Of course, we're here with — like every year now I think Commissioner McGaffigan and I for eight years, and Commissioner Merrifield for six years, to be able to dialogue with you and answer your questions mostly. I get the chance of making brief remarks, and you probably know, I'm very shy. I do not take these opportunities lightly, and always add a few pages to what my staff has. But the format, as you know, is the same.

We're here to listen to you, to see what your concerns are, and we try to answer them the best way we can. There's going to be a lot of people that are not here from the Regions and the Technical Training Center and other sites, and we welcome you to our session today.

You need to sometimes stop and think, and we — this is one opportunity to do that, about what we achieved this past year or the past years. And we have accomplished very important objectives since our last Employees Meetings. And, of course, we're always good to say we have several challenges staring at us right around the corner, and that is true this year. We intend to be brief. Now we intend to be selective in what I cover, but if we don't cover your area, it is not because we are not interested. It's either one of two things. Your area is either too important to be considered for change, or it's that at the present time you're doing so well, that you're not in our horizon. In both of those cases, you're in good shape. Other than that, we will deal with it.

Let me just state that from the very beginning, and this might take care of about half of the questions, is that there is nothing in front of the Commission right now that deals with reorganization of the regions. This is always a concern. We support our regions. There is nothing right now that is looking at it. We do want to keep making changes. We made changes recently, reorganizing how we deal with fuel facilities and materials, but besides that, we are not having any serious consideration of any changes in the regions.

Now let me back track and take a look at the agency for the last two and a half years. As you know, since 9/11 those attacks, which are not directly at the NRC or our facilities, have really generated profound changes at the NRC in the industry and the public perceptions of our security.

In fact, in several occasions, especially during the past year, you have heard me say that the NRC of today is no longer the NRC with which you're familiar. We're no longer just a safety agency, but rather a safety, security, and preparedness agency. Since 9/11, we have made tremendous efforts and succeeded in enhancing the security at nuclear facilities and the security for radioactive materials in many ways.

This includes, of course, the unique experience of issuing orders to our licensees, something that we don't do that often, revising the design basis threat, ordering them to enhance security in nuclear power plants at their facilities, working to improve coordination with federal, state, and local officials, and really organizing the NRC to put us in a better position to implement the changes that were needed. It has been a very intense, exhausting, though very productive period.

We, and I emphasize we, have done our job well. We have addressed what needed to be done, and we have done it. My Commission colleagues and I are proud of what the NRC has accomplished, and grateful for all your hard work.

I believe we are approaching the period of stability in the security arena. Every time I talk about stability Annette Vietti-Cook starts laughing. Annette, where are you? You know, she's — I'm going to try to emphasize that we're getting there. She was here this morning. But I'm sure we're all eager to get to a point of stability, because we need to do what we knew how to do better; and that is, put all of these issues in a matter that is handled by our processes so we only handle outside of process those things that are out of the ordinary.

I'm sure that we all realize that we do not have the option of returning back to the way we were. Security concerns will remain with us for a long time, as long as any of us can foresee, and we will need to ensure that our new security requirements continues to be implemented effectively.

Fundamentally, we must keep in mind that we do have a continuing role to play in promoting the common defense and security, besides our traditional role of ensuring adequate protection of public health and safety. But that role of protecting and promoting the common defense and security, therefore, needs to be balanced, needs to be put in perspective with all the other responsibilities, and that process is now getting to the point that I believe we're just about there.

What we need to do now is to continue to integrate security with other areas, like safety and preparedness, in a logical, and yes, in a natural way. It is natural because the concerns raised in the security arena involve many of the same issues involved in avoiding and mitigating accidents.

This is an old engineer speaking now. Safety solution will be the same for both cases. We need to shut the reactor down, we need to cool the core, and maintain the integrity of the protective barriers. Our approach to safety, security and emergency preparedness is, therefore, an integrated activity that will ensure protection of the public.

In the reactor arena, we dealt with Davis-Besse hole in the head issue, and the plant is now operating at full power for the first time since February, 2002. It is critical that we prevent a recurrence of such a challenge to reactor safety. For this reason, the Commission and I have urged the staff to expeditiously implement the remainder of the task force recommendations, besides addressing the reactor sump, and the materials issues.

We are also moving forward with risk-informed and performance based regulation to ensure a more focused attention on what is important to safety. Our materials program is also in the midst of significant change in focus. Besides the additional security as a focal point to the materials program, we are, of course, facing

the potential Yucca Mountain application in December of this year.

We're also preparing to address the issues of the MOX facilities, the enrichment facility which already received an application, and the upcoming application for an enrichment facility in Ohio. So licensing is a major issue in the materials arena, and so is security.

We have implemented most of the changes in our senior management assignments that we announced recently. These changes have already taken place, or will soon take place. I have personally experienced the disciplined manner in which senior management changes are done at the NRC when I took over as Chairman after former Chairman Meserve's departure. I was telling this morning that I took over the Chairmanship of the NRC at midnight on April the 1st. By 10:00 in the morning on the next day, there was an office form, and I was signing things out as Chairman of the NRC. Within 72 hours I had a full staff. The offices were put together, including changes that actually went to the facilities. We changed and reorganized the Office of the Chairman in 72 hours. That means the staff was ready, and I appreciate that. But the significant thing is that that change, which is a profound change, was done in a transparent manner. When the thing happened, it just happened. In the same manner, I'm very pleased and proud of the manner in which our senior managers have addressed and are discharging their new responsibilities.

In the remarks I delivered to all the senior managers of the agency early this month, I stressed the need to bring a new sense of commitment and awareness to their responsibilities, to retain what seems to be working, and to change what is not. And to manage issues and personnel with a new level of effectiveness and efficiency. I did challenge the senior managers, and I challenge all of you today to make the NRC work even better than before as an integrated safety, security, and preparedness

agency where enhanced internal communications are being used to manage issues better, and enhanced external communications are being used to keep the American people better informed.

We do have a lot on our plate for the coming years. You all know what they are. We continue to do license renewals, power uprates, all the licensing actions, oversights, security. They are all important, and we continue to work with them, each and every one in a manner that really we're very proud of. They are being addressed, and they are being addressed timely.

This list could go on and on, but I want to stop here and open the meeting to questions from the floor. I want to conclude by emphasizing once again the Commission has the utmost confidence in the ability of the NRC staff to meet the challenges before us. I also want to thank all of you personally for the support you have given the Commission, and for the service you are providing, and I'm sure will continue to provide to the American people. Do my fellow Commissioners have any additional comments?

COMMISSIONER McGAFFIGAN: Mr. Chairman, I'll just briefly make the remarks I made this morning. I do want to reiterate for the benefit of those in the regions and to preclude all those questions, that there is absolutely nothing before the Commission or in prospect of being before the Commission that would change the regional structure. This does come up. The Nuclear Energy Institute brings it up, for instance, in testimony last week, but we had a very good response to a Congressional request in this matter about a year ago. We sent a report to the Appropriations Committees that I'm sure is in ADAMS somewhere, that basically outlined why we were very strongly behind the regional structure that we have today in order to deliver the services that this agency provides to the American people, and why we thought that

was also entirely consistent with the President's management agenda. So nothing is on the prospect. You don't have anything to worry about.

The other item that I mentioned this morning and I'll reiterate this afternoon, we are very welcoming of people raising differing views within this Commission. That comes from the top. It comes from the people in the Commission, it comes from the senior staff. We are a better agency if everybody gets their views forward, and it strikes me that we have to be absolutely dedicated to ensuring that everybody in the staff feels comfortable raising safety and security issues. That doesn't mean we're going to agree with everybody, because if we agreed with everybody we'd make no decisions because everybody doesn't agree, but we have to understand the different perspectives.

We have a variety of processes, the most formal of which is the DPO process, and there's a new management directive coming out on that. We have a non-concurrence process that was used in the 5046 paper recently, and there is a variety of other means one can use. There's a fellow several years ago who declined to sign an inspection report at Envirocare, and the Commission ended up unanimously agreeing with him, and I think he got a Special Act award for that. I'm not sure if that was a DPO or DPV. It was just something where he differed, and that difference was brought to the Commission's attention in a paper, and we thought he was right. So there's a lot of good public policy made by staff making sure that their views are heard. We encourage it, and I don't know what more to say.

The one other thing I would mention is we all have open doors on the Commission, and if you ever have an issue that you want to discuss with one of us, and I could think of at least one person in recent memory who has taken advantage — more than one -- who take advantage of the open door either through email to the three

of us, or by coming and meeting with us in our offices, and that's not a denigration of the senior staff. That just shows how robust we want the various mechanisms to be to raise differing views with us. With that, Mr. Chairman, I yield the floor.

CHAIRMAN DIAZ: Commissioner Merrifield.

COMMISSIONER MERRIFIELD: Thank you, Mr. Chairman. I agree with the comments made by the Chairman and Commissioner McGaffigan. The only issue I would add, again one that I raised this morning, is in regards to our strategic plan. We've been working very closely with the CFO, Jesse Funches and his staff, and EDO and his staff, to try to come up with a strategic plan for our agency looking forward. This is an exercise that we go through in a periodic way, generally every three to five years.

The Commission spent a lot of time personally, as the members of the Commission spent a lot of time collectively attempting to go through that and fashion a vision and a series of strategies for this agency to go forward. We signed out the SRM on that very recently. Right now that's in the final process to be put together as a package. It will come out — there's a document that we will be in a position to provide to Congress probably in the next four to six weeks, and I would very much encourage folks when that comes out to really take the time to go through that, to look at it, to get to know it, and to implement it because it really does demonstrate some key issues that the senior staff and the Commission feel we need to be focusing on in the future, and certainly would encourage a lot of activity and interest in that regard, so that would be one plug that we'd want to put it on that one.

COMMISSIONER McGAFFIGAN: Mr. Chairman, just to reinforce what Commissioner Merrifield said, I think that some of the best comments that were received on the draft strategic plan, essentially all the good comments, not to denigrate

anyone else, came from our staff. A lot of people put a lot of time in thinking about the draft plan, and we appreciate that input.

CHAIRMAN DIAZ: All right. And with that, the mics are open, and we look forward to an interesting afternoon.

COMMISSIONER MERRIFIELD: Yes. And for the folks in the back, our technical folks are going to make sure that all the Commissioners microphones stay on the whole time. That would be helpful. Thank you.

CHAIRMAN DIAZ: All right.

QUESTION: Good afternoon.

CHAIRMAN DIAZ: Could you speak into the mic, please.

QUESTION: I'll try to. Excuse me. Okay. This is a question from headquarters, and it's for each of you. What are your two to three highest priority or focus items for the next year?

CHAIRMAN DIAZ: That's a good question. Let me think about it. No, I think that the number one priority that I see is we need to reduce to practice all of the security issues in a manner that they be discharged by the staff as a normal day-to-day process. We have been in a mode in which the Commission has practically been making policy on this in a very frequent manner because it was needed. Now we are to the point that those issues need to be reduced to the standard procedures. I think putting security in its place and with it, what I call preparedness, which includes emergency preparedness, is a fundamental issue.

I think the other issue is making sure that the two things that we do well continue to be done well, and that is oversight and licensing. Those are the two fundamental columns in which we rest the work that we do for the American people. Those are clearly interconnected. Those are the two things that we need to be doing

well. There are challenges in those areas, both in the materials arena, like I said, significant licensing issues, but also in the oversight processes, not only for reactors, but even in the oversight processes of materials, we need to be looking at how can we do those better, what is a better risk-informed way, if that is the right way to go. So those two things are really fundamentally the columns in which we rest our things, oversight and licensing, and we need to put our efforts into getting those things done well.

COMMISSIONER McGAFFIGAN: I would agree with the Chairman that security in its many dimensions will continue to be a very, very high priority in the coming year. We have 192 security submittals currently under review. We're making tremendous progress in the control of high-risk radioactive sources, have proposed rules coming, inventories being made, et cetera.

We just have a whole array of issues in security that for better or for worse still take a very large percentage of our time, and deserve to take a very large percentage of our time. I would say the other two, if I get three - Yucca Mountain and the preparations for Yucca Mountain have to be a very high priority. Congress has set very significant goals for us in terms of being able to carry out that adjudication, that licensing action within a three or four year period. We have done, I think, and Commissioner Merrifield gave a very good speech down in Florida recently about all of the things that we have done to get ready for that application, to carry out the statutory responsibility that's been given us to judge that application.

And then the third area I would say is the Davis-Besse Lessons Learned follow-up. I think that we have to have very, very high confidence that we have carried out the actions that we think need to be done, that the staff has laid out, and we need to stick with that and get it done so the next time we're standing before Senator Voinovich,

we can say that to the extent practical, we've got them all done. There may be one or two that we won't have done because there's a longer lead to some of them. So those would be my three.

COMMISSIONER MERRIFIELD: Davis-Besse, Yucca Mountain, security implementation, licensing and oversight. I agree.

CHAIRMAN DIAZ: All right.

QUESTION: Good afternoon, Chairman Diaz, Commissioner McGaffigan, and Commissioner Merrifield. This question comes from headquarters. Are nuclear facilities really targets for terrorism, or is this just hype from the news media?

CHAIRMAN DIAZ: Let's see.

COMMISSIONER MERRIFIELD: This is not a secure environment.

CHAIRMAN DIAZ: I believe America needs to be prepared for whatever anybody is going to try to throw at us, and so I don't think it's an issue of the media or what is there. I don't think there is anybody that can point and say there is a credible threat specifically to a nuclear facility. However, that doesn't mean that we can let our guard down.

What we are doing is considering that these are potential, even low probability of occurrence, but we need to be prepared for them. What the Commission and the staff have done is be ready, and we will continue to do that.

COMMISSIONER McGAFFIGAN: Our standard line is that there is a general credible threat against our facilities. That is what I think Glen Tracey said a year and a couple of months ago at the Regulatory Information Conference, and we've repeated it I think ever since. That is based on things that we can't talk about here, but also some things that are in the public domain, such as I think it's Ramsey Usef's trial at the first World Trade Center bombing, and so there is some evidence that we have that

our facilities have drawn the attention of potential hostile elements. Some of that is in the public domain, some of it's classified, and most of it's classified and deserves to be. The net result is that we have to have robust security at our facilities, and I think we are at the absolute forefront in protecting the American critical infrastructure in the facilities that we regulate.

COMMISSIONER MERRIFIELD: As a general matter, I think that our response has been appropriate and commensurate with what we think the information demonstrates to us. I think I can say without reservation that as an agency, we have responded as well to the threats that may be out there as any other element of the Federal government.

CHAIRMAN DIAZ: All right. Thank you.

COMMISSIONER MERRIFIELD: And that is a credit to our staff.

QUESTION: This is a question from headquarters. What specific suggestions would you give the staff as we continue to work to improve communications with external stakeholders?

CHAIRMAN DIAZ: How much time have you got? I think there are efforts ongoing now that actually they predate Davis-Besse, but they became very focused on Davis-Besse.

I believe that we are all now realizing that information technology is both a tool, but it also creates some problems. The amount of information that we all receive is sometimes overwhelming. I think what we are trying to get better at is what is the information that anybody should have to do their job better. Once that information is processed, how is that information going to go up and down the ladder? And that requires an awareness that goes beyond the amount of information, or even the quality of the information is where the information belongs in the matrix of issues that the

agency is addressing. So I believe that what our senior managers are trying to do, and I am looking forward to seeing more specifically in a very short period of time. I'm not talking to you, Luis, I was talking to somebody else. We need to start getting the feedback from the staff that information is flowing to them the way it should, that it is the right information, that when the information flows, it flows at the right time, so there is the issue of quantity and how to process it, quality, and as a dimension of time. And those things need to be done in a manner that we all, the staff, the senior managers and the Commission, are satisfied we're getting the right amount of information at the right time.

To do that, we are looking at what we can do to train better, to be able to look at the processes better. I think this is a very important initiative in the agency, one that we will actually be working and putting significant amount of resources into during the entire year, and maybe years to come.

We're also going to look at the external dimension, how do we communicate outside in a more pro-active manner, the things that we do well day in and day out, and the things that we don't do that well. They're both important messages. Sometimes we are our worst enemies. We always communicate the bad news. I think we have a very good message to communicate to the American people, and we need to be more pro-active in doing that.

COMMISSIONER McGAFFIGAN: Like the Chairman, I could spend a lot of time on this. The Chairman largely addressed the internal communication dimension, and I think we've done a lot of things there, particularly during the Chairman's tenure, that are meant to improve, but we're not all the way there, and we have more of a ways to go.

One thing that comes to mind is the Chairman has done something that

no other Chairman has done internally, and that's have the executive assistants of other Commissioners sit in on his morning meeting, and that enormously improves communications within the Commission itself, and between the Commission and the senior staff.

The thrust of the question was external, and I can — we have a long ways to go there. And I don't know that we're the best people to give suggestions to the staff, but we're looking towards, as the Chairman said this morning, we're putting together the resources so that we can do better in that area. We have some critical positions currently being advertised. The advertisement may be closed. I may be late, but I would encourage staff to consider the senior technical communication assistant positions to the three Deputy Executive Directors for Operations, who together with Mindy Landau will form a nucleus of folks working in the EDO's office and linked to the communications director, because it's going to be people like that that we're going to turn to to ask for help.

I do think that we are incrementally making improvements. There's a new button on the web page that the staff put together recently to help respond to things that are just not correct. And I forget what the right term for it is, but it's a nice new feature of our web page.

What we learned last summer, the staff does excellent technical work. We learn this all the time, but on GSI-191, this sump screen issue that is currently being dealt with by the staff, it isn't the quality of the technical reports by the staff, or by Research, or by our contractors that matters, it's oftentimes how they're interpreted by others for us that matters. And we have to be in the arena interpreting our reports for ourselves, and doing it promptly. And that is something that we just have to learn how to keep being better at.

The other piece of advice that I'd give the Staff, and I think we have given it to them, is in terms — there's great frustration among some external stakeholders when we go closed for long periods of time. It's Commission's policy that we are closed say on security for a long while, but we are now going to be meeting with them. But in a rulemaking context, or in preparation for a rulemaking, the Commission I think has encouraged on many occasions the revision of Part 70, the revision of Part 35, 50.59, 50.69, et cetera, that we have a very open dialogue with stakeholders at all points in the process. And I think the result in all of those cases has been better public policy. But we do get complaints at times about the staff going into a closed mode for some significant period of time, and that being quite inefficient. So we need to learn when it's appropriate to be closed, and when it's appropriate to be still in a dialogue mode.

COMMISSIONER MERRIFIELD: As you may know, communications is one that I've been looking at for a while. When Chairman Meserve was here, he asked me to put together a report for him, a draft report for him which I did, on how we can improve communications. Subsequently, Chairman Diaz last year asked me to lead a task force on the same subject. We had a group of folks get together that was ably assisted by Ellis Merschoff and a whole team of folks within the agency. How do we go about improving communication?

The Chairman has taken those recommendations. There's going to be further actions relative to that. The Chairman will be announcing later on, perhaps late summer. We do have a couple of new individuals who have joined us. Bill Outlaw, if you'd stand up. Bill is our new Director of Communication. Elliott Brenner is our new Director of Public Affairs. The two of them, along with Dennis Rathbun, Elliott and Dennis will report to Bill. The intention is to create a team. Bill is going to have some folks he'll be interacting with in the EDO's office, that would be the folks that

Commissioner McGaffigan mentioned in his presentation. That is going to help us put together some strategies in order to bridge some of the gaps we have now in communications.

The heart of the issue, and I'll be brief, the heart of the issue as asked is how does a member of the staff improve communications. And I think that is a fundamental question that each and every one of our staff, whether they're interacting directly or indirectly with the public needs to ask themselves. A member of the public, a typical member of the public, when they think about the materials, the reactors, and the other facilities we regulate, the first thing that comes to their mind is atomic weapons. The second thing that comes to their mind is that it's a really complicated technology. You've got to have a bunch of professors and people with Ph.D.s to figure it all out.

The third thing that comes to mind is a whole of it is secret, and so right at the getgo, there are a lot of — there's a real burden for us to get over. All too frequently, and we're all subject to this, we go out and we speak to the public in the same way we would speak to a committee in which we're defending a Ph.D., or a group of scientists and engineers who are sitting around a table. And the fundamental question we need to ask ourselves is if we pick someone up off of Rockville Pike, anyone walking along Rockville Pike, what are they going to think about what we do? How do we explain it to that Joe Average, Joe or Jane walking down the street? We have to learn how to do that, because that's what the average American is. And the sooner we get there, the sooner we're going to be able to come up with strategies and plans to explain what we do, explain why it's important, explain what our role is, and then how it's benefitting public health and safety of the American people.

CHAIRMAN DIAZ: All right. Next.

QUESTION: This is a question from headquarters. What staff areas or

activities do you think have shown the most improvement over the past year?

CHAIRMAN DIAZ: That's a loaded question. Can I take more than one?

I think we have made great progress in the area of security, what security means.

What does security issues — what is the relationship between the security issues, for example, and the issues that we know on a nuclear power plant? I give you one example.

Severe accident mitigation is a fundamental connective point between security and potential security events, or terrorist events, and the safety of the plant. So I think we have made a significant amount of progress in the security area, and how it is connected to everything else.

I think as we work through the area of security, we have realized that there are areas that actually are synergistic with the safety area. I think that shows not only significant progress, but significant potential for both the understanding of the severe accident scenarios, and the understanding of what could happen in the case of a terrorist event. I think that's what has kept me really occupied this last year.

I think the staff has continued to make progress in many areas, but it's being so nicely done that it doesn't really become a big issue. I think the license renewal continues to make progress. It's becoming better and better. We do better in power uprates. The many, many hundreds, hundreds of licensing issues keep getting better, get done in a better manner.

We actually, whether people realize or not, we use risk-informed regulation day in and day out. You know, it seems like it's now part of the culture, not everybody's culture, but a part of the culture. So I think those things are the ones that come to mind. I think that my fellow Commissioners will come up with different answers.

COMMISSIONER MERRIFIELD: Part of that question gets to an issue that has bugged me for a long time. Tomorrow we are going to be having an award ceremony, and that award ceremony is going to celebrate work done by leading folks in this agency, people who have done a very, very good job on behalf of this agency. But like many other award ceremonies, it is a recognition of individual achievement.

Almost all of what we do around here is a result of collective achievement, and one of the things that I'm thinking about doing, you know, Commissioners get to to COMs once in a while. And I'm thinking about doing a COM that would create a Commissioner award. And the Commissioner award, Commission award or something along that line would perhaps provide an opportunity to recognize that collective achievement, whether it's program office, whether it's a specific project, or whether it's an inspection activity that was particularly noteworthy in a given year. I think we ought to create a way to recognize collaborative achievements, not just individual achievements. And that's something for a dialogue.

If you notice, the Academy Awards did that recently, as well. They got away from that. They now created something called an Ensemble Award which recognizes the collaborative acting work of a group of people in a play, not just the best leading actor, the best supporting actor, and whatnot. And I think we could do better on that too, because I think there are some outstanding programs that we have at this agency that really ought to see a little bit more light of the day, that aren't reflected in a series of individual achievement awards. And not to take away from individual achievement, but I think we need to recognize both.

COMMISSIONER McGAFFIGAN: I think Chairman Diaz had it right saying it's a loaded question. I could sit here and rattle off I think for each one of the offices very significant achievements in the last year, and I'll probably talk about some

of those later. I talked about some of those this morning.

If I were to say one, though, a non-programmatic area where there's been an enormous improvement, I'd say in the Chief Information Officer's office. My sense is that there has been an enormous turn-around there. All the employees should take credit. Ellis and Jackie should take particular credit, but Charlotte, all the senior staff there has done just a wonderful job. You know, we used to sit up here during my memory on the Commission, and get question after question about ADAMS or similar things. And our information technology efforts now are well integrated with our programs. There is a very good dialogue between the program offices and the Chief Information Officer's office, and I am one very satisfied customer; although, I will say I still do not — I use ADAMS only as a public citizen can, coming in as a public citizen on the web page because I still look forward to the web-based ADAMS when CIO can deliver it.

COMMISSIONER MERRIFIELD: Mr. Chairman, I would want to second Commissioner McGaffigan's comment about CIO. I think they have made a lot of progress in the last year, and I think we should celebrate that.

CHAIRMAN DIAZ: The fact that I think is an excellent point, that it is not on our radar screen is a very, very good sign of the progress that has been made. All right.

QUESTION: This question is from the tent. Plain language seems to be a problem in the agency. With the arrival of new employees, shouldn't we place more emphasis in this area from the Commission through the staff?

COMMISSIONER MERRIFIELD: Yes.

COMMISSIONER McGAFFIGAN: What was the first word?

COMMISSIONER MERRIFIELD: Plain language.

CHAIRMAN DIAZ: Plain language.

COMMISSIONER MERRIFIELD: Should the Commission continue to place emphasis on plain language?

CHAIRMAN DIAZ: Well, here on my left is the guardian of the plain language. Let me rephrase that. It's on my left sitting down here, not politically. I think that that's correct. We need to do a little better in the use of plain language. However, the fact is that we have a special language. It might not be the best language in the world, but it is the nucs language, and that language continues to be used, and will continue to be used, but we can do better with using plain language. And Commissioner Merrifield has been championing not using acronyms, especially in Commission briefings. I think that's an excellent point, and I do believe that when people get here, we should be conscious of the fact that to most people ATWS doesn't have a great meaning unless they have been in a nuclear engineering school for several years or so. Thank you.

COMMISSIONER MERRIFIELD: I'll use another example. It's very frequent around here. We sit around and we talk about 10 to the minus 5, 10 to the minus 6, and the average member of the public does not have a clue what we're talking about when we use that kind of language, and we need to focus on those very type of things.

COMMISSIONER McGAFFIGAN: It's a lot better than EE6 and E5.

CHAIRMAN DIAZ: All right. Thanks.

QUESTION: This question is from the region. How is the Commission dealing with the public animosity that is being created by extended power uprates, such as Vermont Yankee?

CHAIRMAN DIAZ: We're dealing with it very well. We have talked with all

of the key political figures that are concerned. I believe that we have put in March a process that establishes that the agency is an independent agency, that whatever we do is independent no matter how we do it. We're trying to address the concerns with this person in here, and it's familiar with the area by having a very good look at who is going to do this "engineering assessment". I think the staff has done a great job in coming up very rapidly with a type of engineering assessment that asserts the fact that this is the type of things that we do, and we do well. And I think that fundamentally we are addressing those issues to the satisfaction of those who are concerned. Are we going to satisfy everybody? No. You have a recipe for that, please let me know.

COMMISSIONER McGAFFIGAN: I agree.

QUESTION: This question is from the tent. The Commission has sometimes been accused of being extremely detail-oriented and not concentrating on the big picture. This sometimes means an increased workload for the staff, which could in turn result in time delays and resource impacts. In addition, staff have been criticized for having too many layers of concurrences in micro managing documents. Do you think this culture emanates from the Commission? If not, how do you suggest we begin to address this problem?

CHAIRMAN DIAZ: All right. Let me start with the first part of the question. I really believe that this Commission for years now, and continues to be so, we are involved in details. And I am proud that we are, because we are plugged in to the issues. That might cause some staff additional work. I'm sure it does.

I think the benefits of that, at the policy level are enormous because you have a Commission that is fully and currently informed better, a Commission that is knowledgeable about what's going on. And, therefore, whatever pain that causes, I think is well-deserved because the benefits are there.

On the second part, whether we are causing some of the things — I don't know what is it that we do, but what I can tell you is that — you know, I'm sure that my fellow Commissioners will reply to this. When I came here, there was a tendency for the Commissioners to have great separation from the staff. We still have separation. There's still a delegation of authority to the staff on a series of issues. There are still processes in there. But I think what has happened is that we all said we want to know better so we can make better decisions. And in some cases, that increases the work load for you, it increases the work load for us. I am confident that the results have been that we have made better decisions, and I am sure that you also have made better decisions.

COMMISSIONER MERRIFIELD: Mr. Chairman, I would say you've got three Commissioners here, all of whom were appointed to this Commission to serve for a period of time, and were reappointed and reconfirmed. And I can say, and I can be backed up by Commissioner McGaffigan and Chairman Diaz, not one single person in that confirmation process told me that I should be detached or uninformed about what's going on with the staff.

Now sometimes that means, and we have all done it, all three of us have asked a lot of questions of senior management and the staff. We really want to know what's going on, and we do that for two reasons. Number one, because we're accountable for it. At the end of the day, the three people who are going to be taken down to Capitol Hill to answer for this agency are the three of us. The second reason, which is equally as important, is that we care.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I'm going to apologize to no one for the amount of information that I have asked for in my almost eight years here now. I don't think that Commissioners being involved early in processes and

getting a lot of information necessarily leads to time delays or to negative resource impacts. I can give a lot of anecdotes to the contrary, and I'll give you one right now, a different anecdote from this morning. We didn't get this question, but I was talking about how proud I was of how this country and the staff, and the staff in other agencies have dealt with the control of high-risk radioactive sources over the last year. But I can recall sitting in the 18th floor conference room last summer during the vacation season. All three of us are sitting in there. Ed Baker is off with a delegation in Vienna renegotiating the Code of Conduct, and give Chairman Diaz credit, we were dealing with what are the radionuclides of concern. Not the thresholds, those had been resolved by then. There were some radionuclides that we just simply did not believe belonged in a national cradle-to-grave tracking system, or in a national export and import control regime. And Chairman Diaz, that detail-oriented nitpicker, I suppose the person who asked this question would imagine, came up with a very creative way to have very good international public policy by having a dotted line in Table 1 of the Code of Conduct. And Ed was able to sell that to the other delegations the next day, and we ended up with a better product.

If that product had gone south, we would have had an awful lot of resources committed to fixing it after the fact, because Commissioners were involved in real time in something that might be regarded by the questioner as a detail, we were able to bring about good public policy. And I think that that's the result far more often, as I'm agreeing heartily with my two colleagues, us having the information and the framework of information needed to inform our decisions leads to much better policy than us sitting off - and I forgot the exact words Commissioner Merrifield used, but no one has —

COMMISSIONER MERRIFIELD: Detached or uninformed.

COMMISSIONER McGAFFIGAN: No one has asked me ever in my visits to Capitol Hill to be detached or uniformed either, and so I heartily concur.

CHAIRMAN DIAZ: And to close that issue, we are attached and informed. Thank you.

QUESTION: This is a question from the tent. Candidate Kerry has assured the people in Nevada that if he is elected, Yucca Mountain will not be a repository. Is the Commission considering an outreach program to the Kerry campaign to explain NRC's oversight and licensing role under the law?

CHAIRMAN DIAZ: No. We will continue to do what we do best, and that is to be prepared for the potential application for the repository, and to do our job to ensure that that application is protective of the people of Nevada, and as far as the transportation issues in the best manner that we can, period.

COMMISSIONER MERRIFIELD: We will follow our statutory requirement. We will follow the law.

COMMISSIONER McGAFFIGAN: It is not our role to do what the questioner suggests.

CHAIRMAN DIAZ: Thank you.

QUESTION: This is a question from headquarters. Does the push toward the use of more realistic analyses conflict with our desire to be more efficient, and does more realism require more effort to defend?

CHAIRMAN DIAZ: No, absolutely not. You know, I coined a phrase, about a year or so ago, it's called realistic conservatism. I don't know whether conservative realism might be a better word, but the reality is that in the analyses of complex issues, the best scientists tend to simplify the analysis by taking shortcuts. And normally, just to make sure they're above criticism, they take the most conservative

approach. We've done that in here, doesn't have to be a great scientist to do that. We do that every day.

In doing that, we pile conservatism upon conservatism, to the point that the result might no longer, or the analyses, or the answer might no longer have a real connection to what the solution to the issues are. And, therefore, we can do more realistic analysis, and that should result in better efficiency, because people from the beginning will know that the answers they're going to get are not going to be too far away from what needs to be implemented. If we come up with answers that are, let's call it inflated and not implementable, it results in more work.

We are at a point in which we know more than what we did. We have better tools to analyze it. We need to put those in place so our results are closer to what needs to be implemented than what they used to be.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I'd add that there is a place for bounding studies in what we do. And, obviously, bounding studies, those shortcuts the Chairman talked about in some ways are efficient because you get to an answer quicker. And if the answer looks good enough, you're finished.

Our history with those bounding studies, however, has been that they tend to cost us significantly in the long run when the bounding study is disconnected from all those caveats and used in some very different way by a member of the public. So I remember last year at this meeting, I had fresh in mind an Advisory Committee on Nuclear Waste letter to the staff that talked about a bonding analysis that I believe Sandia had done in transportation of spent fuel. And they claimed, I think they had found five conservatisms, or seven conservatisms, something like that, that had led to several orders of magnitude - sorry to use the word - 10,000 or 100,000 factor of conservatism in the analysis compared to what a realistically conservative analysis

would lead to, and they didn't think that was good. They didn't think that was good.

I read the letter last year. I don't have it with me here this year, so there's a place for bounding analyses. But, if we think it's important enough, and if we have the resources to do it, we are much better served by what Chairman Diaz calls realistically conservative analyses. And we are forced in that direction on many occasions. GSI-191 I referred to. We had an initial Los Alamos study. The Research staff was able to interpret the initial Los Alamos study properly. Some members of the public weren't necessarily, but we had to have a second Los Alamos study to follow-up, to bound the conservatisms, get rid of some of the conservatisms, and today we're working on solutions to GSI-191 in an aggressive fashion. But there's this notion that you have efficiency if you do bounding studies, and our history is that that isn't necessarily so. And we're better served if we can afford it with realistically conservative studies.

QUESTION: This is from the tent. With the increase in staff, are there any plans to expand the fitness center or the childcare center?

CHAIRMAN DIAZ: Ms. Norry.

MS. NORRY: The fitness center is not at capacity, and so I believe that that membership could increase. The childcare center, we have a policy that NRC employees have first priority there. And as far as I know, no NRC employees have been turned down for the childcare center. We take in others, but only when all NRC employees have been satisfied.

CHAIRMAN DIAZ: Thank you.

QUESTION: This question is from the tent. What was your impression of the Congressional Oversight Hearings held last week?

CHAIRMAN DIAZ: I thought it was okay. It was not a love feast, but it was definitely an incisive meeting in which the Senators came out with their issues. I

think Senator Voinovich, with Davis-Besse in his state, was concerned. I believe that it was not the most contentious hearing I've been in. I was in a couple of them when I was in the Department of Defense which was a little more bloody than that.

I think that the agency learned from it. We are addressing the issues. Like I said this morning, when I was here this morning, Senator Voinovich called by the way, and I left the meeting for about five minutes. And we have agreed on a meeting next week to address some of his concerns. He was very, very polite and praising some of the things that we have done. And he has some serious questions, and we're going to address those questions.

I think the rest of the meeting was very good. We did provide answers, and so I don't see that in any way it will have a significant impact on our operations. But we always have to be very attentive because we respond to the Congress of the United States, and I think what we learn from every one of those things, we'll probably be better prepared for the next one.

COMMISSIONER McGAFFIGAN: I would agree with the Chairman. I spent 14 years working on senate staff for Jeff Bigaman from New Mexico. That was a very good hearing. We had very good dialogue on a lot of issues, and I came away convinced that this agency has very, very strong support on a bi-partisan basis for the vast majority of what we do. We have a further dialogue necessary on the issue of whether we should be issuing rules with regard to safety culture, and we look forward to that dialogue.

COMMISSIONER MERRIFIELD: Yes, I would agree. Like anything else, obviously sometimes reflecting on that, I always hope that I could be more succinct and explain things better, so that's a communications take-away.

I think we're doing a lot on the issue of looking at the matter of safety, and

the awareness of safety with individuals at plants. I think there's a lot of activities we have in a way that are capturing that. Perhaps we could have done a little better job of explaining that to the members of the panel, but I know the Chairman, as well as we all are committed to making sure we could do that and really put our best foot forward in terms of what I think is a lot of accomplishment on the part of our staff.

CHAIRMAN DIAZ: And by the way, it's really good to finish with an oversight hearing and have an opportunity to go back to the members and provide additional answers, because it gives us an additional opportunity to provide what the agency have done, which sometimes is restricted in the meeting. So rather than an issue, I think it's an opportunity to provide additional responses.

COMMISSIONER McGAFFIGAN: And I might add that for Chairman Diaz and me, it was our sixth oversight hearing. I think Jeff Merrifield was on the other side sitting behind a senator the first time we were up there, and has been with us ever since the first. I think we are much better off as an agency having these oversight hearings than we were in the long period prior to 1998, when the Congress basically had sort of benign neglect policy towards us. I think that Senator Inhofe said that prior to that hearing that he held in the summer of 1998, it had been over a decade since there had been an Environment and Public Works hearing at which the Commission testified. And we're much better off as an agency being connected to the Congress, having them interested in what we're doing, seeking our advice on matters, knowing us by name, than we are in a period of benign neglect, so I agree.

CHAIRMAN DIAZ: Thank you.

QUESTION: This is a question from the tent. Has there been any movement on the security-related legislative initiatives that the NRC has been championing; for example, use of lethal force and use of automatic weapons by power

plant security forces?

CHAIRMAN DIAZ: No, in the Congress of the United States. However, I must say that there are some states that are now considering the fact that they might have to move ahead and take action on some of these issues. And we're actually preparing some responses to some states that actually provides them with the information to move ahead, like New Jersey did, or Texas did. So the answer is no, and I don't see it moving any time soon; although, miracles do happen.

COMMISSIONER McGAFFIGAN: I would only — these are provisions that are non-controversial. There's a whole package of NRC-related provisions, not just related to security, but related to financial issues, to safety issues, to decommissioning trust fund issues, et cetera; the issue of anti-trust reviews. There's a whole package of NRC provisions in the Energy Conference report that I think will be in any package that ever emerges from the Congress on energy.

Unfortunately, the last package that emerged from the Congress on energy was in 1992. There was some hope early this year or late last year that there would be a package in this Congress, and that hope, as the Chairman says, is declining. But I think the next opportunity the Congress takes to pass energy legislation, the package of security provisions and other provisions related to NRC that we've been looking for for so long are likely to be in there. And it is impossible to predict when that might occur.

CHAIRMAN DIAZ: All right. Thank you.

QUESTION: This is a question from the tent. What is NRC doing to make the agency more attractive for highly-performing secretaries and other administrative staff?

CHAIRMAN DIAZ: I don't even know whether I should go there. My

general statement is that we should make all of our staff feel like they are wanted, that there are career opportunities for them, that they are properly trained, that there are the resources to make their career rewarding so they can do what we want them to do, which is to do a better job. I don't know whether Ms. Norry wants to add anything to that.

MS. NORRY: Just add that this came up yesterday in a meeting, and we agreed that there are many opportunities out there for special programs for people who want to move up in their professional careers, or to move laterally some way. And we probably need to do a better job of putting them all in one package and getting the information out on that, so we're going to do that soon.

CHAIRMAN DIAZ: Thank you.

QUESTION: In 1975 under Chairman Rowden, the Commission and the NRC concluded most NRC licensees were not critical to the national security of the United States. This fundamental assumption is reflected in the structure of our current security requirements. Does the Commission believe the past decision should be reconsidered and/or updated?

CHAIRMAN DIAZ: I'm not familiar with that decision, if anybody is, senior staff? I'm not familiar with the decision. You know, all I can think of was that it might have been related to potential — you know, defensive requirements that were put in place, but I have no idea. Anybody? Help.

COMMISSIONER McGAFFIGAN: We are a reasonably well informed Commission, but that 1975 document is not one that I've ever been briefed on, so I don't know what the context is, and I don't want to comment not knowing what the context is.

CHAIRMAN DIAZ: However, I can assure you that before the day is over,

we will know. All right. Thank you.

QUESTION: This is a question from the tent. Given the current space crunch that NSIR, NMSS and Research are experiencing, does the Commission plan to lease office space nearby to relieve congestion, or change the paradigm on office space?

CHAIRMAN DIAZ: I believe the answer is no, that we're going to ask Human Resources to make sure that everybody has a proper place to work, while minimizing expenditures. But, madam. You're very popular this afternoon.

MS. NORRY: As we discussed this morning, we are looking very carefully at the growing FTE of the agency and the ability of these two buildings to hold it. We're not at the absolute crunch yet. We probably will be in a few years, and we're examining options. But it's important to note with respect to the offices that were mentioned that I believe it's 165 new work stations are in the process of being created so we're not out of options yet.

CHAIRMAN DIAZ: Thank you.

QUESTION: This is a message from headquarters. What does the Commission consider as some of the most important issues facing the agency concerning the security of radioactive sources?

CHAIRMAN DIAZ: You have now given me a chance to introduce to you Commissioner McGaffigan.

COMMISSIONER McGAFFIGAN: I touched on this this morning in some detail, and I'll try to repeat it, probably not verbatim. I am very proud of what this staff and agency has done over the last 18 months in this area, and I'm very proud what the U.S. Government as a whole has done in this area, starting with the conference that Secretary Abraham and Chairman Meserve attended in March of last year, where we

laid out a vision for — Carl Paperiello laid out a vision for the control of high-risk radioactive sources through the negotiation last summer that I referred to of the revised Code of Conduct, through the U.S. committing to it, to Ed Baker today being involved in developing the guidance for the export and import control regime that is called for. We have been absolutely at the forefront. We will get an export and import control proposed rule at the end of June. Merri Horn has a working inventory of all high-risk sources in this country with responses from all but 100 entities nationwide, and she's working on those last 100 along with the Office of State and Tribal Programs. But that inventory is already being used by the staff in putting out security advisories, and constructing the regulatory analysis for the export and import control regime. So we're well on the path to being able to carry out the U.S. commitment to the IAEA Code of Conduct.

The other thing that we have done, and maybe will get some attention later this year, is that there has been really a fairly remarkable consensus reached among all of the Federal agencies as to what should be the approach for cleanup in the event, God forbid, that an RDD ever is used in this country.

The Environmental Protection Agency, the Department of Homeland Security, the Department of Health and Human Services, the Department of Energy, ourselves, all are in this consensus. It was wonderful to be at meetings watching EPA, DOE, and NRC staffers arguing the same point of view on the matter. Now this consensus is going to come out in a Federal Register Notice in June. The person who probably deserves most of the credit for that is a person in another agency, Craig Conklin, who is at the Department of Homeland Security, because he headed the working group that did the hard work, but many of our staff contributed to that effort. And we'll see what the nation thinks of that document when it's proposed.

Craig has already put it out I think in CRCPD space and talked in a public meeting about it, but it's just — this is an area where the Executive Branch and the independent agency ourselves really should be quite proud because we've been leading the world, and setting an example for the world. And I think we're very much on track to continue down that path in the months ahead.

CHAIRMAN DIAZ: And you realize I asked Commissioner McGaffigan, and I said it this morning, Commissioner McGaffigan, although he doesn't accept the title, has been really kind of the lead Commissioner on this issue, has represented the agency and me directly on many occasions, both in the meetings with the Executive Branch and being on top of this issue, and we appreciate his efforts. Thank you.

COMMISSIONER MCGAFFIGAN: And for the first questioner I'd go back, getting into the details. I used an example from last summer in answering that. Getting into the details here and having a Commissioner who knows the details, and my fellow Commissioners know almost every one of the details I know, has been absolutely important to our leadership role. Other agencies defer to us because they know that we're informed from the top all the way through the senior staff, to the staffers who actually do all the work around here.

CHAIRMAN DIAZ: All right. Thank you.

QUESTION: This is a question from headquarters. Given the pressures on the Federal budget and to limit the growth of NRC's budget, if there is an application for a plant in the next couple of years, how will we accomplish the significant increase in work load?

CHAIRMAN DIAZ: I'll tell you what, since I'm getting good at passing the baton, I'm going to let Commissioner Merrifield answer that.

COMMISSIONER MERRIFIELD: When I came here in 1998, that was

just after the time period during which Senator Pete Dominici had threatened our budget with a significant cut, 25 to 30 percent. And he did that because he wanted us to be a more risk-informed agency, for us to be less tied down with red tape, to be more timely in making our safety determinations.

Since that time, the Chairmanship of the House and Senate Appropriations Committees has not really changed a whole lot. There's been some changes on the House side, but generally there's been a lot of consistency in that approach. We have been receiving everything that we have asked for in our budgets during the intervening time period. And when you go talk to both the authorization folks, the House Commerce Committee, or on the Senate side, the Senate Environment and Public Works Committee, or talk to the appropriators either on the House side or the Senate side, while there are some areas they'd like to have us do a little better, in the main they are very pleased with the accomplishment that our staff has made in meeting our safety mission.

And because of that, I think looking forward, if there are funds that we're going to need going down the line, hopefully that track record that we have established in the last six years will put us in good stead to get the money we need to do to accomplish our health and safety mission. I think that's sort of where it goes.

CHAIRMAN DIAZ: Thank you.

QUESTION: This question is from headquarters. Why has the Commission focused so much attention on security and emergency preparedness when there are so many pressing safety issues?

CHAIRMAN DIAZ: Well, I think I'll answer that one. I think it is obvious that the equations that we used to work with were changed dramatically on 9/11. However, the result of all we do still is safety. The things we do for security are safety-

related. The things we do in emergency preparedness are the very core of what the mission of the agency is, which is protecting people from radiological hazards. So it is not really correct to think that because we put more emphasis in security, we have in any way sidetracked our safety mission.

I think what happens was that we had an added dimension. We added one more thing to our plate. And when we added security, we realized that there could be, that maybe this is farfetched probably, but there could be some potential radiological hazards from a terrorist event, just like we figured they could be from normal safety-related events at power plants, so we increased the emergency preparedness as part of that. So they're all interrelated. If you look at what I've been saying; safety, security and preparedness. Safety is the bottom line. It is, it was, and it will be. All these things that we do are integrated into it. However, they do deserve attention, and we had to give them the attention. And I think what we're doing now is reducing each one of them to a level in which they're balanced, and we'll be able to work with them in a more normal day-to-day process.

COMMISSIONER MERRIFIELD: Following up on the Chairman, I think if you look at the trajectory, we'll use security for example, the trajectory and the amount of work and resources in the security area, in the FY 2005 period, that is — we're seeing the peak is going — we'll be over that peak, and we will have a new rebaseline in terms of ongoing forward spending and FTE associated with security issues. That curve that we've had to deal with was directly proportionate to the effects of September 11th.

On the issue of emergency preparedness, I think there are two things driving that. Part of it was the outcome from September 11th. The other one I think is a recognition on the part of the Commission, the Chairman and the other Commissioners,

that we had some gaps there, that emergency preparedness had been an area that we had not looked at as closely as we probably should have over the last few years. We have put additional resources towards that. That is on the upward curve right now. And at some point down the line, a year, two years perhaps, again that will seek a new baseline which may not have the same level of effort that we currently are undertaking.

COMMISSIONER McGAFFIGAN: I would add that we may give a misimpression when we talk about security being a major focus of Commissioners. It has been, and it will be for some period of time, but safety hasn't lost our focus.

We spent a lot of time on Davis-Besse and Davis-Besse Lessons Learned, a lot of time on GSI-191, a lot of time on material degradation issues broadly. Moreover, within the offices, many of the people who are focused on safety matters are largely insulated from the security dimension. They don't have to be thinking about high-risk sources, or how we're going to conduct force-on-force exercises, or other things. And so I would hope that the researchers in Research, or the people in NRR, the people in NMSS, or wherever whose primary focus is safety, I wouldn't hope, I know that they haven't lost that focus on safety. And the issues that have to come to us continue to come to us. In addition, we have security that will keep us more than fully employed for as long as we're Commissioners. But by God, we do spend a lot of our time talking about safety issues. And you heard us earlier. Davis-Besse Lessons Learned is right up there in our top three or four issues.

COMMISSIONER MERRIFIELD: Yes. I think the question sort of presupposes zero sum gain, and that may not have been the intention of the questioner but that's part of how it came out. Somehow that pie of time that we have, we subdivided it differently. And I think part of what you'll reflect from the answers here is the pie has gotten bigger, and that means — that's for everybody. That means for the

staff, it means for senior management, and it means for the Commissioners. Our inboxes are just thicker, the amount of work that we have to deal with is just more, it demands more of our time in a totality way, but that doesn't take away from the ongoing level of effort we had on safety issues, which has not changed.

CHAIRMAN DIAZ: All right. Thank you.

QUESTION: This question is from the region. Do you anticipate that the agency will hire additional people in the next year or two in response to the increased emphasis we are placing on security, emergency planning, and future reactor licensing?

CHAIRMAN DIAZ: I believe the answer is yes. The amount of increase is not certain. I think there are some question marks out there regarding whether the nuclear power industry is really going to go forward with new plants, or at least accelerate their plans to consider new plants. Some people think about two or three years, some people actually said five years. I see some enthusiastic executives out there saying no, by the end of 2005 we will be ready.

I think that is a major question mark that is out there. However, we do have significant amount of work that is already laid out. There is a key question mark in new nuclear power plants, but the arena of materials already is really quite well populated. I think security, we hopefully are, like Commissioner Merrifield said, we are reaching a plateau and hopefully we will stay in there. But I do see us moving forward in many of the areas that we have been pushing.

As you know, I'm an enthusiast of risk-informed, performance-based regulation. It used to be only risk-informed. Now I'm convinced that we need to do both, but I do see increases. The size of the increases I think we don't know. Thank you.

QUESTION: This is a question from the region. Do you foresee a

continuation of the tweaks to the NRC regulatory processes over the next five years, or the possibility of another paradigm shift in reaction to Congressional or industry pressure?

CHAIRMAN DIAZ: I don't see a significant paradigm shift. What I do potentially see, and of course this is something that I think is very much in our place, is how fast and how far we go with risk-informing our regulations. I think we see that both the Congress have that in the language, and the industry I think - in New Orleans two weeks ago, put three priorities on the table. One was risk-informing the regulation was number one. Number two was Yucca Mountain. Of course, there was no doubt about it, but I think the issue of not a paradigm shift, but a better way of moving forward in a more comprehensive manner on risk-informing our regulations. I think we're ripe for it. I think that the staff now have the basis to go at it, and the Commission has expressed for many years that this is one way to go. I think we need to see complete plans to move forward, and that to me is the only thing that I see that will change significantly the way we do.

We have two regulations, two new rulemakings. One is a rulemaking, the other is in the first stages which will tell a big story, the 50.69, the 50.46 I think are cornerstones for the reactor arena. I also believe the materials arena is getting to the point that they are realizing what could be risk-informed and what could not. I think that's important, but that's about the only thing that I see. I don't know whether —

COMMISSIONER MERRIFIELD: I took the question to talk about our oversight programs, as well. I mean, we put our revised program in five years ago. I think overall, I think if you ask any of the members of the Commission, we think it's been a success. When we put it in we said we thought it would continue to evolve. It has. It will continue to evolve. There may be — I would fully expect continuing

evolution over the years. Will that be replaced by a new program? I don't think so. I mean, I think we think that the current program is a good one, can use some continued tweaking but overall it's serving us well.

COMMISSIONER McGAFFIGAN: I too see no paradigm shifts on the horizon, especially paradigm shifts coming from external factors. I guess I don't like the word "tweak." I think we are committed to a process of constant improvement in our processes, whether it's the Reactor Oversight process or licensing processes, or inspection — well, inspection is incorporated in the oversight. But I think some of the changes — I don't think we've gone through a paradigm shift in the last five years either, but we've made some very significant improvements in a whole range of areas. But the paradigm is set by the Atomic Energy Act and the frame work of regulations that we've put in place, and we're going to continue to improve it. But I think of a paradigm shift as Einsteinian mechanics, relativity replacing -- mechanics, and we're not going to have one of those around here any time soon.

CHAIRMAN DIAZ: All right. I think we have time for one more question.

QUESTION: This is a question from headquarters. What are your expectations for the new emergency preparedness project office?

CHAIRMAN DIAZ: My expectations is that they do very well. I think they are now in a mode of realizing where we are, and where we should go, and that's a good point, because we have been doing this in a manner that was like very normal, routine things. I think what we were able to do is we'll bring it out from the shadows into the light. And now the aspects are big questions, all the way to how we communicate these things. But a year ago, there was no dialogue regarding the difference between sheltering and evacuation, and now there is. It's a very fundamental issue. You can see it in different parts of the world.

For example, in the Czech Republic, they don't evacuate people. They first shelter them. They just take them out from where they are, put them in schools and hotels very quickly. And then they have transportation systems if they need to evacuate them. Well, that's a very small country with not the vast spaces that we have, but I think the Emergency Preparedness Office is going to be in many ways making incident response better, and incident response is going to make emergency preparedness better.

The combination of those two is going to make the preparedness of the agency better. That preparedness is going to feed back into what safety is and how we do it. And then the combination of all those things is going to make every one of them better. That's what I plan for it.

COMMISSIONER McGAFFIGAN: Where they are right now, as the Chairman says, they're in an assessment stage. We're looking forward, and we've asked them to, under Bill Kane's oversight, to ask fundamental questions about where we have been and why, and how to improve things. And we're looking forward toward an improvement program coming towards us that we can endorse. And so the staff in some sense, if this is coming from the Emergency Preparedness Office, in some sense you're getting a chance to set your own course, and that's what we're looking for.

COMMISSIONER MERRIFIELD: Well, I think an average member of the public, and we get into details about the plants, and we talk about high-pressure injection systems, low-pressure injection systems, and I think a lot of folks in the public will sort of shake their head and say you're a bunch of engineers. You know about these things.

When you tell the people that the sirens around the plants don't work, or that people can't get to the emergency centers in the time that they've committed to,

people get that. They understand that. The public who lives around these plants wants to know that if there is a problem, can they get their kids out, and it is our obligation as a safety agency to make sure that we're doing the right things to make sure that we can answer that question the right way. And that's why the introspective look that this Commission, the three of us have asked our staff to do, and the increased emphasis that we have on emergency preparedness, that's where it comes from. We need to be able to be in a better position to answer those questions, and be able to tell the public we're on top of it, and we're doing it right. And hopefully, with new staff and with increased resources we're going to be able to do that better.

CHAIRMAN DIAZ: Well, thank you very much. I want to have my fellow Commissioners — I want to thank you, you, for all the things you do. Okay. And with that, we are adjourned.

COMMISSIONER McGAFFIGAN: Thank you for the quality of the questions this afternoon and this morning.

(Whereupon, the proceedings in the above-entitled matter went off the record at 3:02 p.m.)