

UNITED STATES NUCLEAR REGULATORY COMMISSION

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BRIEFING ON NUCLEAR SECURITY AND INCIDENT RESPONSE (NSIR)

PROGRAMS, PERFORMANCE, AND PLANS

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WEDNESDAY

MARCH 15, 2006

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The Commission convened at 9:30 a.m., Nils J. Diaz, Chairman, presiding.

NUCLEAR REGULATORY COMMISSION:

NILS J. DIAZ, CHAIRMAN

EDWARD MCGAFFIGAN, JR., COMMISSIONER

JEFFREY S. MERRIFIELD, COMMISSIONER

GREGORY B. JACZKO, COMMISSIONER

PETER B. LYONS, COMMISSIONER

PRESENTERS:

LUIS REYES, EDO

ROY ZIMMERMAN, DIRECTOR, NSIR

MARK DAPAS, DRA, REG. 1

ERIC LEEDS, DIR., PREPAREDNESS AND RESPONSE, NSIR

GLENN TRACY, DIR., SECURITY POLICY, NSIR

DAN DORMAN, DIR., SECURITY OPERATIONS, NSIR

MIRIAM COHEN, DIR., PROGRAM MANAGEMENT, POLICY

DEVELOPMENT AND ANALYSIS STAFF

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

[9:30 a.m.]

CHAIRMAN DIAZ: Good morning. The Commission

meets this morning to debrief the NRC staff on the agency's nuclear security and incident response program, and all the activities thereof. There are a couple of additional activities besides that that you guys are working on.

In reality, it has been now four years that NSIR was formed. Within those four years, you guys have worked very hard at creating structure and implementing all of those activities that the agency thought were necessary to increase the common defense and security associated with our safety programs.

I think we all realize you have put your best foot forward. Now it is time, I guess, to start running and not putting just one foot forward, but both of them probably at the same time.

The Commission recognizes the significant progress that has been made both in structuring the program, and its achievements. We believe the nation is better prepared today, and our facilities have better plants, and there are better inspections and better oversight. So we believe the right things are in place, but as we always say, there are additional challenges. We wouldn't be NCR if we didn't concede to that.

I think the Commission is interested in knowing not only where we are, but where we're going. This program is of course of extreme interest, not only now, but, as I've said before, I think this is going to be of continual interest for a long time to come. Your responsibility is great, and we appreciate the work that you do. Going over to my fellow Commissioners, any additional comments?

1 (No response.)

2 CHAIRMAN DIAZ: If not, Mr. Reyes?

3 MR. REYES: Good morning, Chairman and Commissioners. The staff
4 is ready this morning to brief the Commission on the programs of the Office of Nuclear
5 Security and Incident Response.

6 In the briefing this morning, we have a lot of material. We're going to
7 briefly talk about accomplishments. We're going to spend more time talking about
8 challenges, and we're going to concentrate on talking about successes – strategies for
9 success and how we're going to have closure on some of the activities we have.

10 With that, Roy.

11 MR. ZIMMERMAN: Thank you, Luis.

12 Good morning, Chairman, Commissioners. On behalf of the Office
13 Nuclear Security and Incident Response, it's a pleasure to be here this morning to be
14 able to bring you up to speed on the activities of our office over the past year.

15 As we will discuss later, as we go through our presentation, and as you
16 know, in February, we took the large Division of Nuclear Security, and we split that
17 division into two, and we appreciated the Commission's support in accomplishing that.

18 With me at the table are Glenn Tracy, who is the Director of the new
19 Division of Security Policy; Dan Dorman, who is the Director of the new Division of
20 Security Operations. Until recently, as you know, Dan was Glenn's deputy in the
21 Division of Nuclear of Security. Also at the table is Eric Leeds, Director of the Division
22 of Preparedness and Response; Miriam Cohen, who is in the well, is the Director of
23 the Program Management, Policy Development and Analysis staff. Miriam will join us
24 at the table later in the presentation.

1 Also, as you know, earlier this month, the deputy office directors were
2 swapped between NSIR and NRR. Mike Weber has moved to work with Jim in the
3 Office of Nuclear Reactor Regulation, and Bill Borchardt has moved over to NSIR.
4 We welcome Bill Borchardt, and we recognize that both of those individuals performed
5 more than admirably in their prior assignments, and they look forward to their new
6 opportunities, and they join us in the well today also.

7 Next slide. The one before this.

8 This morning, I will touch briefly on a number of our accomplishments
9 over the past year, discuss some of our existing challenges, and some of the future
10 challenges that we see. Then Marc will provide the prospective that he has compiled
11 from the Regions and discuss strategies for success. Then Glenn, Dan, Eric, and
12 Miriam will each address strategies for success in NSIR.

13 As was mentioned, we will work to focus our efforts to identify areas
14 where we feel we've fallen a little short, differences that we expect to see over the
15 next year, and policy issues coming before the Commission over the next year.

16 Next slide, please. With regard to Force-on-Force, we have been
17 implementing the enhanced Force-on-Force Program for over a year now. It is
18 performing quite well. We have done over two dozen Force-on-Force exercises since
19 November of '04. The realism was significantly improved. We have much fewer
20 artificialities. The Multiple Integrated Laser Engagement System, known as MILES,
21 has been performing quite well. It tends to provide much greater realism and reduce
22 where something may be thought of -- whether it's a hit or not a hit on an individual,
23 this system removes that artificiality. So it's been a real positive.

24 Another one is the Composite Adversary Force. The Composite

1 Adversary Force has been in use since October of 2003. This is a well-trained group
2 of individuals that perform the mock attack on the facility. They're trained in offensive
3 tactics. They're trained together. They work together. They go from site to site. And
4 they are consistent, which is something that we didn't see back in the pre-9/11 period
5 of time.

6 So those are two of a number of very significant activities that have
7 made the Force-on-Force a much more realistic and capable process.

8 Moving to the Reactor Security Oversight Program implementation, the
9 Regions completed all of the baseline in 2005. In 2005, the baseline was aimed at
10 implementation of the security plan updates that needed to be made as a result of a
11 series of orders that were issued post-9/11.

12 Now that those orders have been verified that they have been
13 incorporated into their plans and then into their appropriate procedures, we now go
14 back to the more classic baseline inspection program that is underway in 2006.

15 Under this program, we are doing about a 50% increase in the amount of
16 inspections per site by Regional specialist inspections. We have doubled the areas
17 related to security that are part of this inspection process. As questions come up, as
18 one would expect early in the program, we have a frequently-asked-question program
19 that is functioning very well, both from our perspective and from the industry's
20 perspective.

21 Moving to the next item, implementing mitigating measures: Working
22 with NRR, Research, the Regions and OGC, we oversaw the licensees'
23 implementation of readily-available mitigating measures for beyond-DBT events,
24 imminent attack procedures, and mitigative strategies for loss of large areas of the

1 plant due to fire or explosion. This staff accomplished this by compiling and sharing
2 with the industry comprehensive guidance, industry best practices, conducting two
3 workshops, and meeting individually with licensees.

4 We have now reached closure being achieved on the readily-available
5 mitigating measures stemming from Item B.5.b, Phase 1, which was addressed in one
6 of the prior post-9/11 orders. We still have to do the inspection, addressed by Verify
7 Peace that the actual alignment with the individual utilities has now been achieved.

8 With regard to threat assessment, we have increased our access to
9 material from the intelligence community. So we're getting considerably more material,
10 which is improving our ability to be able to carry out our mission, to be able to assess
11 the information for what it might mean to our licensees.

12 We still maintain a liaison down at the National Counter-Terrorism
13 Center, which allows us to leverage the intelligence community to get that information
14 and to get it in a timely way. That continues to function to our benefit.

15 COMMISSIONER MERRIFIELD: Can I ask a clarification? You talked
16 about the amount of material we're getting. Did you mean simply in terms of the
17 quantity of the material we're getting or the quality of the material, or both?

18 MR. ZIMMERMAN: I think it's both. And it's different material, as well, is
19 my understanding. Perhaps Glenn can address it, or Dan. I don't have the details.

20 COMMISSIONER MERRIFIELD: I didn't want to leave the record to
21 think that we're just getting a lot more paper. We're actually, in the sense of what I
22 see, actually getting more useful information to help us make our decisions.

23 MR. ZIMMERMAN: Yes, that's exactly right.

24 COMMISSIONER MERRIFIELD: Okay.

1 MR. ZIMMERMAN: With regard to the security assessment framework,
2 in partnership with NMSS, NRR, OGC, and Research, we have completed
3 development and implemented the Commission approved Security Assessment
4 Framework. The framework was applied to evaluate the results of security
5 assessments and determine the need for additional security measures based on the
6 results of a postulated threat or sabotage event in a nuclear-regulated facility or
7 activity.

8 This application was made for research and test reactors, nuclear fuel
9 cycle facilities, non-fuel cycle nuclear material facilities, spent nuclear fuel storage and
10 transportation packages, and radioactive transportation packages. Some of the
11 results of the SA framework are still under NRC review. However, in general, there
12 has been no indication of an immediate need to require additional protective
13 measures based on the SA framework.

14 Next slide, please. The comprehensive review process is run by the
15 Department of Homeland Security to address Homeland Security Presidential
16 Directive 7, which is to coordinate the implementation of efforts among Federal, State,
17 and local governments and the private sector to protect the nation's critical
18 infrastructure and key resources. The nuclear sector was chosen by DHS to be the
19 first area to be conducting comprehensive reviews because of the high profile of our
20 facilities and the close regulatory coordination that exists between NRC and the
21 licensees.

22 We supported DHS with 14 visits to date, approximately two per month
23 being done. The comprehensive review, among other things, complements the NRC's
24 DBT by focusing outside the fence on achieving an effective, integrated response by

1 the local law enforcement, State, and Federal assets, looking to bring the first
2 responders to the facility in the most efficient manner and in the most effective
3 manner.

4 The core team for the comprehensive reviews is composed largely of
5 DHS, NRC, FBI, Coast Guard, and FEMA individuals. This group works at each site
6 with the licensees, with the locals, with the State, to customize an approach to make
7 for a more efficient response by the first responders.

8 Out of these reports, a working group is getting set up that we will
9 participate in to look to implement the appropriate recommendations coming out of
10 these reports. That working group is getting established shortly.

11 Regarding transportation, during 2005, NSIR supported NMSS in issuing
12 orders to hundreds of licensees to enhance security of the transport of large quantities
13 of radioactive materials that could pose a risk to the public, commonly referred to as
14 radioactive material quantities of concern, or RAMQC.

15 With regard to proposed rulemaking, an important aspect of NSIR
16 getting to the level of stability that it will get to, we need to be able to complete the
17 proposed rulemakings and the future rulemakings that Glenn will be talking about a
18 little bit later. The ones on this list are the ones that are moving through the final rule
19 process. But the reorganization helps us in this area. I'll will talk about that later. But
20 we're very focused, and we recognize that one of the keys to stability is the completion
21 of these full rulemakings and the sunseting of the appropriate orders. As I said,
22 Glenn will discuss it further.

23 Moving to the next slide: Material Control and Accounting, also known
24 as MC&A inspections, are ongoing at power reactor sites to determine whether MC&A

1 issues exist at sites following concern on missing segments of two spent fuel rods at
2 the Millstone site. There's 13 of these detailed inspections that were completed in
3 2005, and the inspections continue.

4 In the area of cyber, of those cyber security –

5 COMMISSIONER MERRIFIELD: I'm sorry to interrupt, but the slide says
6 we've completed the inspections, but you're saying that they're ongoing.

7 MR. ZIMMERMAN: That's correct.

8 COMMISSIONER MERRIFIELD: We've completed some, but we have
9 them ongoing?

10 MR. ZIMMERMAN: Right. We have actually three phases to the effort.
11 I wasn't going to get into that level of detail.

12 COMMISSIONER MERRIFIELD: My only point is, the next time you
13 need to be careful about the slide because what you said and what you've got on the
14 slide are two different things.

15 MR. DORMAN: Thank you. We initially planned a set of inspections
16 under Phase 3 at the TI. But based on the findings of those inspections, as we
17 developed the response to the GAO recommendations in this area and ultimately
18 looked to potentially incorporating this in the baseline program, we plan to continue to
19 do additional inspections. We've completed the initial ones that were planned. Based
20 on the findings, we're continuing to do them.

21 MR. ZIMMERMAN: But your point is well made; it is misleading. But the
22 accurate information is, we've done 13, and we still have more to do based on this
23 screening process that's been used thus far.

24 With regard to cyber security, although cyber security attacks have not

1 been shown to threaten safety-related systems, we recognize this is a very dynamic
2 area. We need to stay up with that area. We have done pilots at four facilities. Out
3 of that, we, in conjunction with NRR and Research, published a non-public NUREG
4 document that addresses generally-applicable cyber security observations that came
5 out of our four pilots. Those measures are measures that can help a licensee's cyber
6 program. Similarly, NEI has issued guidance establishing and maintaining a cyber
7 security program, and we find their document to be a very useful one.

8 With regard to the protection of sources, consistent with Commission
9 direction to impose orders under Public Health and Safety, NSIR supported NMSS
10 and the Office of State and Tribal Programs. In December of 2005, NRC and the
11 Agreement States, completed issuing increased control requirements to literally
12 thousands of industrial, medical, and research licensees that can possess radioactive
13 sources of concern. Increased controls were imposed for those licensees possessing
14 radioactive materials, defined in the International Atomic Energy Act, or International
15 Atomic Energy Agency, IAEA, Code of Conduct on the safety and security of
16 radioactive sources for category 1 and category 2 quantities.

17 With regard to the issuance of Safeguards Information Designation
18 Guide, this guide is a first-of-a-kind document that enables users of safeguards
19 information to recognize and properly classify and store SGI. It's an aid to those of
20 use that use this information. We also, for our internal use, are developing a web-
21 based agency training program that will be implemented in the April/May time frame.

22 Next slide, please. It's well known that last year was a very significant
23 year for hurricanes. The NRC staff, both in headquarters and in the Regions,
24 responded successfully to the events. We had three category 5 hurricanes in

1 succession. We followed the National Response Plan. We sent individuals to the
2 Homeland Security Operations Center to coordinate with our Federal partners. We've
3 also done our own lessons-learned study and recognized that although things,
4 relatively speaking, went well for this agency and for our licensees, there are still
5 things to learn. We are mining that area and are close to completing a lessons-
6 learned review.

7 With regard to the National Response Plan, we have completed
8 implementation of the National Response Plan, including training in April of last year.
9 We worked very closely with the Department of Homeland Security in implementing
10 the NRP and provided many comments. Under the new plan, we have carried out full-
11 scale reactor exercises and will be doing more of the same. We held joint NRC/DHS
12 workshops in each Region to train NRC licensees and State and local responders on
13 the new National Response Plan.

14 With regard to exercises, qualifications, and response, we have been
15 working to bring greater realism to our exercises. We're involving DHS more, because
16 we know that during an incident of national significance, that's what we expect to see.
17 So we're looking at bringing cells in from DHS to participate with us during our
18 exercises.

19 We have significantly upgraded the Operations Center. E-Library is one
20 of those examples. There are many others. I like to tout the E-Library one because
21 that was a grassroots staff initiative that came up with that idea. It's terrific, and we
22 want more grassroots initiatives just like that one.

23 We are building on the Chairman's Initiative. We recently went to
24 NORTHCOM and NORAD in Colorado, with a good number of senior managers to

1 discuss roles and responsibilities and understand how they worked and explain how
2 we worked. That was a very successful meeting, and we're building on it. Tomorrow,
3 we're holding a meeting with NORTHCOM, NORAD, in the auditorium, along with
4 DHS, the FBI, and DOD, where we will have several different moves associated with
5 this exercise of a threat to a nuclear power plant due to an aircraft threat, followed by
6 an attack on a nuclear power plant. It gives us a chance to continue to advance the
7 roles and responsibility in practice which will make us sounder.

8 COMMISSIONER MERRIFIELD: Sorry to keep doing this to you. Just
9 so that there is no mis-clarification, you have announced that we are having a meeting
10 of those groups tomorrow, which I think is positive. That's not a public meeting.

11 MR. ZIMMERMAN: That is correct. Thank you for adding that. It is not
12 a public meeting. We will be discussing sensitive information in that meeting.

13 During the year, we conducted 21 Regional emergency preparedness
14 exercises, eight headquarters exercises, and three interagency exercises since the
15 last NSIR program review. This involves a lot more than just NSIR and the Regions; it
16 applies to many of the departments in the agency, and it shows the importance of us
17 practicing and coordinating with our external stakeholders.

18 Move to the next slide, please. We issued Bulletin 2005-02 this past
19 July. This was a significant bulletin. What this bulletin did is, it indicated the need for
20 prompt notification associated with security-based events coming in from the licensees
21 to the NRC. It also provided additional information to licensees on how to classify
22 events for various aspects of an ongoing security event. We have also been
23 increasing tabletop drills with power reactor licensees through a voluntary industry
24 initiative to, again, practice, which is what we need to do with implementing this new

1 bulletin.

2 With regard to future reactors, the staff performed emergency
3 preparedness reviews in association with early site permits for North Anna, Clinton
4 and Grand Gulf. In addition, the staff has completed its input into the review of the
5 AP-1000.

6 On the topic of enhanced EP outreach, Eric Leeds will be talking about
7 that in greater detail. But we do have an outreach team in the emergency
8 preparedness staff that is reaching out to the Regions and State and local
9 governments. You'll hear more when Eric speaks.

10 With regard to an order being issued to Indian Point Energy Center in
11 accordance with the Energy Policy Act of 2005, NSIR supported the development of a
12 confirmatory order issued this past January, which confirmed that Indian Point intends
13 to implement backup power to sirens and provides a schedule for that commitment.

14 Next slide, please. In the area of program support accomplishments, the
15 reorganization is for us really the big elephant in the room. This reorganization helps
16 us to better absorb emergent work. Emergent work is one of those challenging areas
17 I've been working with for a number of years. We have improved our supervisory
18 span of control. We are hiring aggressively. You will hear more about that in a few
19 minutes. But one of the biggest items from an organizational effectiveness standpoint
20 is the additional managers that have now come into NSIR. As we hire up, it puts us
21 on good footing as we move forward.

22 We are also -- through an operations day-to-day division and a longer-
23 term look at policy, it allows areas like rulemaking to get buffered and insulated, while
24 other activities occur on a day-to-day basis.

1 With regard to recruitment, the good news was that we hit our allotment
2 for 2005, but right now, that is one of the gaps that we're working hard on in 2006.
3 We have an aggressive hiring strategy for this year that you'll hear more about, as well
4 as what goes along with that, a formal training and qualification program.

5 With regard to the electronic safe pilot and the secure LAN, we're very
6 excited about these initiatives. The electronic safe pilot will allow us to get rid of
7 something like 100 or more safes, hard copies and, more importantly, have access
8 through word searchable, and authors, and all the attributes that ADAMS has will
9 come into play. This very much looks like ADAMS. We have loaded over 4000
10 documents during this pilot that are, in fact, word searchable. We're anxiously
11 working with OIS for full implementation of this program. We've done a demonstrated
12 proof of concept on the secure LAN, which will allow us to be able to communicate
13 better on sensitive material internal to the Commission.

14 Next slide, please. With regard to key challenges in headquarters, I'll
15 cover them quickly here and come back to them at the end.

16 Rulemakings: We need to get those rulemakings completed on time.
17 We need to sunset orders as appropriate.

18 Lessons learned: As the baseline inspection is performing well, as the
19 Force-on-Force is performing well, there are still lessons learned, and we need to go
20 through those and gather those. Even in the licensing program. In order for us to get
21 better, we need to learn from ourselves, learn from the feedback that we're getting.

22 We have to hire and train our staff that the knowledge management and
23 knowledge transfer initiatives are very important, as we have seen some higher
24 attrition than we would like to see. But that investment is invaluable in order to be able

1 to achieve stability and maintain the corporate memory. We need to complete the
2 shakeout of the new reorganization so we can leverage every last drop out of it to
3 accomplish what we need.

4 We need to over communicate, both internally and externally. We're in
5 the process of doing that, but we need to make sure we stay true to that. The areas
6 within NSIR, EP and Security still remain dynamic. There's a lot of things that are
7 changing either within the agency or outside of our agency. We need to be talking
8 those up and making those with the need to know knowledgeable in those areas. And
9 we need to complete our implementation of EP-05. That's just a few of the items that
10 fall under the stability heading.

11 Regarding anticipating future needs, the new reactor is the elephant in
12 the room there. Staffing for that and the one that, perhaps, is a little less obvious that
13 we're engaged in is, we are aggressively engaging with DHS to make sure that DHS
14 understands their role with future reactors, both on the EP side and on the security.
15 So as they put their FY-08 budget together, they know when we're going to be looking
16 and turning to them for their security consultations, as well as their conclusions from
17 an emergency preparedness standpoint. Those dialogues have already begun.

18 I've already spoken on the communications and connectivity issue. With
19 regard to continuous improvement, that's basically our mantra. We are working to
20 gain further enhancements in that area, and you have done your part in providing us
21 the additional supervisors, the staff. It's up to us now to be able to demonstrate that
22 we can deliver what's expected of us. With that, let me turn to Marc.

23 MR. DAPAS: Good morning, Commissioners. Next slide, please.

24 The Regions who effect implementation of the inspection program and

1 by maintaining an effective incident response capability play a key role in
2 accomplishment of the agency's primary mission of ensuring public health and safety.

3 The importance of maintaining a strong and independent inspection
4 program in the areas of security and emergency preparedness is clearly demonstrated
5 by the number of value-added findings identified by the inspectors in the field.

6 In addition, the loss of experienced licensee staff and the attendant
7 organizational performance problems that can result further underscore the
8 importance of maintaining a strong Region-based inspection program. Organizational
9 realignment and restructuring efforts on the part of some licensees have led to the
10 loss of experienced staff, as individuals take advantage of early retirement incentive
11 options. This presents knowledge transfer challenges for the licensee, which can be
12 compounded if the vacant positions are not filled in a timely manner.

13 In the case of Region I licensees, among the seven new security
14 managers hired over the past year, only two have commercial nuclear industry
15 experience. The turnover rate for emergency preparedness managers among Region
16 I licensees has also been relatively high, with seven new managers over the past year.

17 Regional event response and follow-up inspections provide for real-time
18 observations and assessments of licensee activities. These supplemental inspection
19 efforts are in addition to the normal baseline inspection program.

20 Due to events over the past 18 months, ten special inspections and one
21 augmented team inspection have been initiated by the Regions collectively in the
22 areas of security and emergency preparedness. Regional engagement of the
23 program office in the context of the budget process is an important part of the
24 equation in maintaining a strong operational focus on security, emergency

1 preparedness, and incident response.

2 Staff and management in the Regions work closely with NSIR to gain
3 alignment on budget planning assumptions, which form the basis for the inspection
4 resource allocations, as well as planned accomplishments in the Regional operating
5 plans, which represent mission-related deliverables, or IOU's from those assigned
6 resources.

7 In the context of realistic planning assumptions, there are still a few
8 challenges facing the Regions; namely, implementation of the separate but equivalent
9 security assessment program places additional demands on staff resources to support
10 various activities, such as the mid-cycle and end-of-cycle assessment letters and
11 associated meetings with selected licensees.

12 The Regions continue to process a high volume of security-related
13 allegations, which commits staff resources to either review licensee responses or
14 conduct independent follow-up inspections as appropriate. The growth of
15 communications security or COMSEC duties, is another area that impacts Regional
16 expenditures.

17 Improvement initiatives associated with the NRC Incident Response
18 Program have placed additional demands on the Regional staff due to increased drill
19 participation requirements. Notwithstanding these challenges, the Regions recognize
20 and support the need for strong program oversight of the inspection and assessment
21 programs to ensure consistency in implementation and resource utilization.

22 Regarding evolution of the security emergency preparedness and
23 incident response programs, the Regions, in conjunction with NSIR, have leveraged
24 the number of lessons learned to further improve these programs. As Roy mentioned,

1 the Regions are extensively involved in revising the agency's hurricane response
2 procedure in light of the lessons learned from the responses of Hurricanes Katrina and
3 Wilma.

4 Integration of security events into the emergency planning exercise
5 program has required the development and practice of new skill sets by EP inspectors
6 for the assessment of licensee performance. Regional input to the program office,
7 especially from experienced field inspectors, has been very valuable to NSIR in the
8 development of program enhancements in all areas, an example being the
9 development of the current Baseline Security Inspection Procedures.

10 There has been a continued high pace of NSIR process and program
11 revisions. Given the extensive field knowledge and experience within the Regions, it
12 is important that the Regions remain an integral part of the process. From a
13 practicality standpoint, the Regions are usually the end user of the many program
14 procedures and guidance documents.

15 Regional staff exercised the reactor oversight program feedback process
16 to provide recommendations for program and process improvements. A recent
17 example where this process was used involves feedback as to the current threshold
18 for identification of a substantive cross-cutting issue in the security area, and that it
19 may be too high for a single cornerstone.

20 The Regions are committed to continue to work closely with NSIR to
21 identify areas where improved efficiencies can be realized. For example, some
22 efficiencies may be gained in the disposition of findings through the Security Findings
23 Review process, which may duplicate findings disposition under the Significant
24 Enforcement Review process, and to improve coordination on mutual impact activities,

1 such as Force-on-Force exercises and comprehensive reviews.

2 Regarding enhanced coordination in the security arena, each Region
3 recently identified its federal security coordinator as required by the Energy Policy Act
4 of 2005. The specific roles and responsibilities for these coordinators are under
5 development, and the resulting impact on the budget is not clear yet.

6 A continuing challenge facing the Regions in the context of enhanced
7 coordination and stakeholder outreach relates to balancing the information security
8 needs with an open exchange of information with interested external stakeholders,
9 such that their understanding of NRC decisions and, hence, confidence in NRC
10 programs and processes is increased.

11 In this regard, the Regions recently commented on the Commission
12 paper regarding proposed options to modify existing guidance related to security
13 information blackout practices.

14 The extensive involvement of external stakeholders, including local,
15 county, and State officials, Congressional delegates, other Federal agencies, such as
16 the Department of Homeland Security, and members of the public in our regulatory
17 processes has necessitated additional efforts to communicate and coordinate
18 emergency preparedness and incident response activities. Examples include exercise
19 participation and assessment, radiological emergency planning conferences, and
20 licensee program changes.

21 For many of these communication initiatives, an extensive commitment
22 of resources is required to achieve success. Examples include alert notification
23 system reliability issues at the Indian Point facility, emergency planning issues
24 associated with daycare centers in the State of Pennsylvania, and a request by the

1 Town of Marlboro, Vermont to be included in the Vermont Yankee Emergency
2 Planning zone.

3 In summary, I hope that this has provided you with some perspective on
4 the challenges facing the Regions in effectively implementing the various elements of
5 the Security Emergency Preparedness and Incident Response functions.

6 Regarding the Regional accomplishments that I have mentioned today, I
7 wanted to highlight that they are also a function of a close and effective working
8 relationship that exists between the Regions and the program office. As I said earlier,
9 and in the vein of continuous improvement, the Regions are committed to work closely
10 with NSIR to realize additional efficiencies.

11 Thank you, and I would like to turn it over to Glenn Tracy.

12 MR. TRACY: Next slide, please.

13 COMMISSIONER MCGAFFIGAN: Mr. Chairman, I just want to do one
14 clarifying remark ala Commissioner Merrifield. You used the term "blackout," and in
15 your text, you had quotation marks around "blackout." I want people to understand
16 that there is no security information blackout. I think we're more transparent than any
17 other agency in the Federal government on security information. We discuss it in
18 meetings like this, we discuss it at the Regulatory Information Conference,
19 Commissioners discuss it, we testify about it on Capitol Hill in open sessions. So I just
20 want to clarify that you had quotation marks around the word "blackout" when you
21 used it.

22 MR. DAPAS: Thank you, Commissioner.

23 MR. TRACY: Good morning, Commissioners. Dan Dorman and I will be
24 providing an overview of the NRC Security Program and our strategy to address the

1 future challenges we face.

2 Nuclear Security has experienced significant growth in the scope of its
3 activities and the size of its staff since the office was created in 2002. The Division of
4 Nuclear Security has restructured multiple times in the past to address the expanding
5 complexity of its mission and the growth of its staff from approximately 50 full-time
6 equivalent to the now 140 professionals that exist today.

7 The most recent reorganization implemented 24 days ago created two
8 new security divisions: one focused on policy and one focused on managing the
9 security operations and oversight. The new divisions improve the supervisory span of
10 control to ensure that security activities receive the management attention and the
11 oversight that are essential for their continued success. A significant contributor to the
12 growth of our activities has been the extensive external interface necessary to
13 enhance and to ensure the effective integrative response for our facilities, particularly
14 with the Department of Homeland Security and the Homeland Security Council.

15 The 2006 reorganization enhances our ability to meet these external
16 outreach needs, while focusing on our program goals and our emergent work activities
17 that have historically been between 12 and 15 FTE annually. As a result of the
18 reorganization, NSIR has enhanced its ability to achieve its program goals and
19 specifically rulemaking and new reactor initiatives.

20 To ensure a smooth transition from orders to rulemaking and a
21 normalized regulatory process for the future, a new security rulemaking branch was
22 created that will make sure security policy and operations expertise are housed in both
23 divisions.

24 The security program continues to face a highly competitive labor

1 market. The universal demands for security expertise has continued to expand in the
2 private sector and in government since 9/11, and NSIR will continue through its
3 aggressive use of available recruitment and retention activities and incentives and
4 continue to build a training and qualification program to establish consistent high
5 standards and to promote the career growth and stability for our security
6 professionals.

7 We have a specific initiative with the Office of Human Resources and
8 our Technical Training Center in this regard. Since 2002, we have successfully
9 recruited over 60 highly qualified professionals with diverse backgrounds in law
10 enforcement, the military, and private sector and utility security programs, with
11 expertise in physical security, tactics, protective strategies, cyber security, personnel
12 access, and background investigations, and information security.

13 For 2006, NSIR's aggressive hiring strategy includes a focus team
14 dedicated to filling our remaining security positions and our vacancies through attrition.
15 As we all know, there is a learning curve for newcomers to NRC's regulatory
16 processes, and we will use all available resources and continue to use those
17 resources to support our new staff with security expertise in acquiring the necessary
18 and critical NRC regulatory knowledge and skills. While it is a process that requires a
19 number of months, the payoff has proven to be significant, enabling the succession
20 planning and the enhancing the fungibility of these employees in the future.

21 Consistent with our goal of stability, 2006 is the year of security
22 rulemaking. Under the leadership of the new Security Rulemaking Branch, we have
23 planned and we are implementing an aggressive schedule for the completion of key
24 rulemakings with our partners in OGC, NRR, NMSS, Research, State and Tribal

1 Programs, ADM, and the Regions. A partial list includes a final rule on the protection
2 of safeguards information, 73.21 in April; a proposed rule on reactor security
3 requirements, 73.55, in May; a proposed rule in access authorization for reactors,
4 73.56, in May; a proposed rule, a new reactor security requirement, in September; a
5 final rule on the design-basis threat, 73.01, in October; a final rule on the fitness-for-
6 duty program, Part 26, in January of 2007; a proposed rule on access authorization for
7 all of the licensees beyond reactors in September '07; a proposed rule for nuclear
8 materials management and safeguard system in December '07; and lastly, a proposed
9 rule on material accounting and accountability program in 2008.

10 We are adding stability through these activities, and conducting them as
11 efficiently as possible. As an example, the ongoing rulemaking for reactor security
12 requirement 73.55 utilizes the insights for the historical rule that were proposed and
13 submitted to the Commission prior to 9/11, the orders that were issued to licensees
14 thereafter, the extensive work in the development of the security plan templates that
15 were approved and utilized throughout the entire industry, and our ongoing efforts,
16 such as guidance and our answers to the frequently asked questions.

17 We are focused on supporting new reactor initiatives, and we've met
18 with the NRR staff and our stakeholders and have identified the resources that are
19 necessary to develop the framework and the security assessments directed by the
20 Commission. We recently conducted a public meeting on this very topic on March 6th.

21 Regarding the Energy Policy Act of 2005, the staff is working
22 aggressively to incorporate this new legislation into the agency's rules and programs.
23 The activities include the submission of both an unclassified and classified report to
24 Congress on the Force-on-Force exercises in June; assurance that our current design-

1 basis threat rulemaking reflects this new legislation; the assignment of Federal
2 security coordinators in each region to work with the State and local stakeholders; the
3 issuance of regulations expanding the scope of fingerprinting and criminal history
4 record checks; the issuance of regulations for a broader class of weapons, to be used
5 in protecting our NRC licensed and certified facilities and materials; the
6 implementation of a system requiring new background checks for each individual
7 receiving or accompanying the transfer or imports and exports of nuclear material;
8 and, lastly, a structure for the consultation with the Department of Homeland Security
9 regarding the proposed location of new utilization facilities.

10 Lastly, NSIR is working aggressively with NRR and Research to develop
11 a process to assess the security-related characteristics and attributes in new reactor
12 designs, and also with involved stakeholders, and in developing those guidance
13 documents for these applicants and these security-related assessments that will be
14 included in the design certification and the combined operating license applications.

15 Consistent with the agency's design-centered program approach, NSIR
16 is moving forward in its coordinated support for new reactor licensing. Dan.

17 MR. DORMAN: Thank you. Next slide, please. Good morning,
18 Commissioners.

19 During 2006, NSIR will continue to support DHS in their lead role in
20 implementing the comprehensive review for commercial nuclear reactors and
21 associated facilities at a rate of approximately two per month, with the ultimate goal to
22 complete the comprehensive review at every power reactor facility in 2007.

23 One of the principle products of the comprehensive review is an
24 integrated protective measures analysis, which identifies potential enhancements –

1 sometimes within the fence, but mostly outside the fence, associated with resources,
2 multiple organization coordination issues, response capabilities of individual agencies,
3 and training.

4 While some of the identified enhancements have been implemented
5 either by voluntary action of the licensees or by off-site organizations through grants
6 through DHS's Buffer Zone Protection Program, NSIR is working with DHS to facilitate
7 the implementation of further enhancements.

8 We recently established a working group to work with DHS and OMB to
9 facilitate the process of turning these protective measures analyses into concrete
10 actions in the areas around these facilities. As Marc indicated, as required by the
11 Energy Policy Act, the NRC has assigned primary and alternate Federal security
12 coordinators in each of our Regional offices. We are in the process of defining roles
13 and responsibilities and developing procedures by the end of June. In accordance
14 with the Energy Policy Act, their effectiveness will be assessed after one year.

15 In the Oversight Program, NRC developed a new physical protection
16 significance determination process, approved by the Commission, issued for use in
17 July 2005. In parallel, the industry developed a proposed alternative approach to the
18 significance determination process.

19 In September of 2005, we met to discuss concerns of the staff on how to
20 improve the clarity and specificity of the industry's proposal. The NEI working group
21 revised that to incorporate the staff's suggestions, and we are beginning a trial
22 assessment of the industry's alternative this month, and I'll run that trial assessment
23 through November of 2006 by the end of this calendar year, to provide the results of
24 our trial and any recommendations to the Commission.

1 In the interim, the staff will continue to use the Commission-approved
2 current baseline and Force-and-Force physical protection SDP that was issued in July
3 for assessing the significance of inspection findings under the current program.

4 NSIR has completed the spent fuel material control and accounting
5 inspections of 13 nuclear power plants under Phase 3 of the temporary instruction and
6 following up on licensee responses to Bulletin 05-01 regarding material control and
7 accounting at reactors and wet spent fuel storage facilities. The staff is preparing a
8 paper to provide the results of those inspections to the Commission.

9 As was indicated earlier, we are continuing those inspections. Based on
10 the findings, we expanded the time frame of the temporary instruction and are
11 continuing, in response to the GAO recommendations, to develop additional industry
12 guidance related to spent fuel inventory procedures and documentation. Ultimately,
13 we envision these inspections being incorporated into the baseline inspection program
14 under the security cornerstone, with the scope and frequency of the inspections being
15 consistent with the safety significance of the issue.

16 As the oversight programs achieve stability, the staff will continue to
17 evaluate the most efficient and effective means of ongoing implementation, including
18 consideration of potential transfer to the Regions of inspections currently conducted
19 out of headquarters; for example, material control and accounting.

20 I'll turn it over to Eric Leeds.

21 MR. LEEDS: Thank you, Dan. The next slide, please.

22 Continuing with the strategies for success, we're working to enhance connectivity and
23 communications. First, I'd like to address outreach. We are working to enhance our
24 outreach with our licensees, and our Federal, State, and local partners. We are also

1 reaching out to our public stakeholders. The message that we're giving is, focus on
2 roles and responsibilities -- one of the major lessons learned from the Hurricanes
3 Katrina, Rita, and Wilma experiences for our nation.

4 We emphasize the need for coordination, cooperation, and
5 communication with our response partners. We have created a manual chapter to
6 establish specific headquarters and Regional responsibilities for outreach. We are
7 coordinating our outreach activities between NSIR and the Regions. We are
8 standardizing our outreach products, such as presentations and lesson plans.

9 In short, we are busy establishing an agency-wide outreach program for
10 emergency preparedness to consistently perform our outreach functions from licensee
11 to licensee, from Region to Region.

12 The next area I want to touch on is enhancing the Security Emergency
13 Preparedness and Incident Response integration. The staff had sent Commission
14 Paper 05-0010, which detailed a number of enhancements, a number of areas that
15 we're working on. There are three areas that I want to bring to your attention that
16 we're continuing to work.

17 The first has to do with the review of emergency preparedness
18 regulations and guidance. We have already received a great deal of input from all of
19 our stakeholders, including the public. We plan to go out with another round of
20 interactions with targeted stakeholder groups. We anticipate providing the
21 Commission with a policy paper with recommendations based on our interactions with
22 our stakeholders, as well as the staff's evaluations, this coming September.

23 The second area I want to talk about involves off-site protective actions.
24 We are working with licensees to have them implement protective action

1 recommendations based on security events. These interactions involve a great deal of
2 effort to work closely with our partners in the State and local responders, and we're
3 continuing efforts in that area.

4 The third and final area that I would like to talk briefly about has to do
5 with the prompt notification of the NRC. As you recall, in response to Bulletin 2005-
6 02, our licensees have committed to provide the NRC with prompt notification, within
7 15 minutes, of a security event at their sites. In our interactions with our State and
8 local stakeholders, we found that they could also benefit from the prompt notifications.
9 So the staff has begun working with the off-site response organizations, with DHS,
10 and with our licensees to develop the capability to provide prompt notification, not only
11 to the NRC staff, but also to the off-site response organizations simultaneously.

12 With that, I'll turn it over to Roy.

13 MR. ZIMMERMAN: For Miriam's presentation, what we are going to do
14 is expect that there will be questions that will come up during the next 45 minutes. I
15 think that will be an opportunity for Miriam to get out the thoughts that she was looking
16 to express.

17 On the summary page, just very, very quickly –

18 COMMISSIONER MCGAFFIGAN: Are you doing that change because
19 the red light is on? I'd just as soon let Miriam talk, if it's okay with you.

20 MR. RYES: Can we use your time, Commissioner?

21 CHAIRMAN DIAZ: It's fine. If you believe that it will contribute, please
22 go ahead.

23 MR. ZIMMERMAN: We'll take you up on that. Thank you.

24 MS. COHEN: I don't know if I can talk as fast as Glenn, but I'm probably

1 a close second.

2 (Laughter.)

3 CHAIRMAN DIAZ: We hope you don't.

4 (Laughter.)

5 COMMISSIONER MCGAFFIGAN: 45 rpm is okay; 78, ah-ah.

6 MS. COHEN: Good morning. I'm going to talk to you very briefly this
7 morning about continuous improvement in the area of organizational effectiveness
8 using information technology to facilitate business processes and, finally, what we're
9 doing with respect to knowledge management.

10 As you know, NSIR has been working over the years to improve its office
11 effectiveness. We have had some people look at our programs over the past couple
12 of years and try to help us improve in the areas of workload management and those
13 kinds of issues. As you know, there was a recent IG culture and climate survey. We
14 have taken the results of that survey, and we're looking to make some improvements
15 in the areas that were cited in that particular survey. Specifically, we have actually
16 formed a grassroots action team, composed of volunteers. They're looking to take the
17 survey results and brief management on their recommendations to enhance the
18 overall office effectiveness. So in general, we're going to take a holistic approach to
19 various workload issues in the office to seek improvement as we go forward.

20 As alluded to earlier, we are also trying to enhance emergent work
21 management. It's been a challenge for the office. I think we've turned the corner on
22 this. We have established independent tracking systems within the office, and we are
23 piloting them to further expand their use with respect to the rest of the office.

24 As alluded to earlier, the reorganization will also significantly impact our

1 ability to manage work within the office. When you reduce the span of control of the
2 managers, it gives them more time to spend managing their work and managing the
3 people. That's really critical in an office such as ours.

4 In addition, we have been meeting regularly with the Deputy Executive
5 Director for Reactors and Preparedness, discussing the workload issues within the
6 office and obtaining alignment on those items that could be shed or deferred as a
7 result of emergent work.

8 With respect to internal and external communications, we have actually
9 done a lot to enhance internal communications through regional counterpart meetings
10 and weekly phone calls. We also have regular interactions with program and support
11 offices on numerous issues.

12 As alluded to in Eric's comments earlier, we continue to outreach with
13 the public and with significant external stakeholders, and we will continue to see
14 improvement in those areas as the years unfold.

15 One of the areas that we also capture under office effectiveness has to
16 do with roles and responsibilities. I believe, moving forward, NSIR will continue to work
17 with new team leaders that have been established, supervisors, branch chiefs, all the
18 way up to potentially division directors, to reclarify what are their roles and
19 responsibilities in the new organization and how they can spend time with their
20 employees, coaching, mentoring, and doing the important things that they need to do.

21 I was in the audience the other day when we had the OIS program
22 review. It was very enlightening. A number of the projects that Commissioner
23 McGaffigan was interested in, we're interested in, as well. The secure LAN is
24 definitely something that we see would provide significant improvements to the

1 operations, not only within NSIR but throughout the agency in terms of increased
2 collaboration and efficiency of handling safeguards documents, not to even mention
3 the knowledge management challenges of trying to remember what's in somebody's
4 safe. So this, we believe, would be a useful IT project moving forward.

5 Eric alluded to the electronic library, about having instant access to
6 incident response information that's at people's fingertips. Again, this will help
7 facilitate business processes within the office and through the agency. There are also
8 numerous other efficiencies to be gained by adopting the Homeland Secure Data
9 Network, which will provide us secured connectivity to DOD, States and local law
10 enforcement agencies – something that we do not currently possess.

11 I could go on and on, but I'm not going to at this time. The final point I'd
12 like to raise is knowledge management. It has been a critical issue, not only at NSIR,
13 but throughout the Federal government. Within NSIR, I would suggest that we adopt
14 the approach of human capital life cycle management. That is, from the time the
15 employee walks in the door, you've got to spend time recruiting them, retaining them,
16 and ultimately capturing the knowledge that they bring to the table. We're still in the
17 infancy part of this particular program. It is going to take some time. I think, as Glenn
18 alluded to earlier, our strategy right now is to continue our efforts to recruit people,
19 bring them in the door, and then ultimately try to capture their knowledge in a very
20 highly competitive security field.

21 That concludes my remarks. Thanks.

22 MR. ZIMMERMAN: Thank you, Miriam. In summary, on Slide 16, very
23 quickly: There has been, in our mind, significant progress that's been achieved during
24 2005. The NSIR staff is proud of its accomplishments.

1 The continued focus in 2006 is on protecting the public. Just as stated
2 at the Reg Info Conference, we cannot lose sight as we move toward future reactors,
3 we also need to make sure that the current fleet is safe. And our aim is to do our part
4 in that.

5 We do have gaps. We need to be working on solving this emergent
6 work process that we have. We have hiring to do. I think we're set up for success. I
7 think the reorganization – I can't state it enough. I don't think our problem is that
8 difficult. I think we needed more managers. You gave them to us. I think we needed
9 additional staff. You've given them to us. We have to get them on board. We've got
10 to get them trained, we've got to put them to work, and we've got to meet our
11 deliverables. I think we're poised to do that.

12 With that, I'll end my comments.

13 MR. REYES: We have completed our presentations. We took eight
14 minutes and 57 seconds over our limit, and we're taking note of that. It won't happen
15 again. With that, we're ready for questions.

16 CHAIRMAN DIAZ: That's okay, sir. I will consider it during their
17 performance review.

18 (Laughter.)

19 CHAIRMAN DIAZ: No. We understand that there are times that your
20 best intentions get subsumed to the need to provide the message, and that's okay. I
21 don't think there's any significant problem.

22 COMMISSIONER MERRIFIELD: Mr. Chairman, you instituted this
23 program to have a time clock, and I think that has provided some level of discipline to
24 the staff in terms of targeting their presentations. I would want to make it clear that,

1 from my personal standpoint, this is not an absolute. The purpose of these meetings
2 is to identify what's going on with our staff, what are the areas where we have
3 successes, weaknesses, what do we have to look forward to in the future. And I don't
4 think we should rush through these presentations merely to meet an arbitrary
5 deadline. If there is information we need to have, then we need to get it on the table.
6 I don't think the EDO should be under some impression that if we don't meet some
7 arbitrary deadline, there's going to be consequences from that.

8 CHAIRMAN DIAZ: I agree entirely. It has always been the intentions of
9 this as guideline. It never in any way, shape, or form has it been any other way but as
10 a guideline. The issue in here is to brief the Commission, have the Commission
11 informed.

12 It is juts kind of a discipline measure, as a guide. The staff has been told
13 that you need more time, you come and ask for more time, and it will be my decision
14 at the time to say we need more time for the staff, and we'll increase the meeting. So
15 that's not the issue. So in no way am I concerned that you went over. I will repeat,
16 and repeat it publicly, that when you need more time, you should say, hey, we need
17 more time to be able to brief the Commission properly.

18 In the same manner, when we have the other time in here, whenever the
19 Commission needs time, the time has been available. We all have other things to do,
20 but these are guidelines. I totally agree. That's what they should be taken for. They're
21 not exact. I don't want to prolong this discussion because we're taking time away from
22 you. With that, Commission McGaffigan?

23 COMMISSIONER MCGAFFIGAN: Thank you, Mr. Chairman. I think
24 Luis has banked some time from previous meetings, and he's just used it.

1 I do want to compliment the office. You're approaching your fourth
2 anniversary. I think the wisdom of setting up the office demonstrates itself all the time.
3 We needed to do that. We did it just in time. I think the office has performed very,
4 very admirably over the intervening four years and made us a significant player in
5 interagency security matters, homeland security matters, that we honestly weren't
6 before 9/11.

7 That having been said, let me get to a few issues that I want to discuss.
8 In the rulemaking area, Glenn referred to this 2006 as the year of rulemaking. I think,
9 if you look ahead, 2007, 2008, and 2009 are likely to be years of security rulemaking,
10 as well.

11 We have a lot to do, but I'm about to potentially add to your burden. It
12 struck me the other day – and I apologize to my fellow Commissioners because this is
13 something we have a recent SRM on – that we're trying to get three security
14 rulemakings done prior to the avalanche of new reactor applications in order to get as
15 much of that in-rule space as possible specified, so that there is a common
16 understanding as to what the requirements are, with no ambiguities.

17 COMMISSIONER MERRIFIELD: This isn't an attack on Part 52, again, is
18 it?

19 COMMISSIONER MCGAFFIGAN: No, no, no. I won't divert onto dump
20 trucks. Sorry.

21 COMMISSIONER MERRIFIELD: Oh, okay.

22 COMMISSIONER MCGAFFIGAN: We also have another applicant who
23 may be coming in, that's the Department of Energy. Our current security requirements
24 for geologic repository operations are the same as for an ISFSI. I believe in 10 CFR

1 73.51. Obviously, that isn't reality. We also have a pending petition for rulemaking
2 from the Attorney General of the State of Nevada – the former attorney general – not
3 a rulemaking that I'm particularly fond of. As I've said before, the then attorney
4 general seemed to imply in her petition that we needed fighter plane escorts for
5 traveling nuclear fuel, lest they be attacked by foreign fighter planes over our – in the
6 United States. But nevertheless, we need to deal with it, and I think her rulemaking
7 points to the issue that if we don't deal with it in rulemaking space, we will be dealing
8 with all these issues in hearing space.

9 So I urge you to think about trying -- just as we're trying to get the reactor
10 rulemakings done in time to be fair to the reactor applicants, we might need to do a
11 GROA rulemaking, which isn't mentioned in the recent security rulemaking paper. But
12 we may need to do a GROA rulemaking in time to be fair to the DOE applicant. So I
13 just put that on the table for you.

14 Another area that – and I'm using my time rapidly here. The issue of
15 how we interact with the Department of Homeland Security keeps coming up. In the
16 original Homeland Security Presidential Directive, we were not assigned the nuclear
17 sector, as we should have been, in my view, because of worries about our
18 independent regulatory status. So the Department of Homeland Security handles the
19 nuclear sector, in coordination with us, and for places where DOE self-regulates, with
20 the Department of Energy. But the National Infrastructure Protection Plan continues
21 to use words like, "in addition, NRC coordinates with DHS on any changes in the
22 protective measures for this sector." Again, I know why we're singled out there. But I
23 think the fairer word would be "NRC consults," as we do, with DHS on changes. I
24 think for DOE, they could probably use a stronger word like "coordinates." But we are

1 an independent regulatory agency. We make our decisions on security matters in
2 consultation with them. We are interested in their views. But I can think of an
3 instance or two where we haven't necessarily agreed with them. And "coordinate"
4 connotes a larger degree of deference than, I think, is appropriate.

5 The MC&A area, mark me down as a Commissioner who doesn't believe
6 that we really should be doing 11 Phase 3 – 11 additional Phase 3 inspections, having
7 done 13 and found very little. I don't really believe the MC&A area belongs in NSIR or
8 it belongs in the reactor oversight process in the security cornerstone, because there's
9 no security issue that has ever come up – underline "no security issue has ever come
10 up." We have found occasional rod segments missing briefly at Vermont Yankee,
11 missing and probably in Savannah River, at Millstone, missing at Humboldt Bay.
12 They're all three decades old, with the trivial amounts of radioactivity in them. So they
13 may be in a low level waste site, but we're just not finding things. And having a big
14 program there because GAO wrote a bad report is not my idea of good management,
15 which brings me to the IG, the NRC IG.

16 I just want to – this is not going to be a question here. This is going to
17 be a seven-minute soliloquy, I guess. There is a recent IG report about the National
18 Source Tracking System that was truly terrible. It ranks up there with their recent
19 Decommissioning Funding Assurance Report. It says things in it like, we don't know
20 what's in – our interim database is off by large factors. I just want to put on the record
21 that the IG report is absolutely, completely wrong in its assertions about the interim
22 database, the interim database in terms of counting devices, is accurate, I would say,
23 to well over 99%.

24 The IG's comments about the current National Source Tracking System

1 rulemaking, which I guess we should consider him a commenter, are off the mark
2 entirely, as well. But aside from that, it's a swell report. I've offered to talk to the IG
3 about this, Mr. Chairman, three weeks ago – him and Mr. Dingbaum, and they haven't
4 taken me up on the offer. They haven't even responded. I know they work for you,
5 not for the rest of us. But if the IG continues to turn out terrible reports, I'm going to
6 call him on it. I hope that they don't influence NRC decision making when they're as
7 ridiculous as this one is in the slightest.

8 With that, Mr. Chairman, having asked all these questions, I'll turn the
9 floor back.

10 CHAIRMAN DIAZ: Thank you very much, Commissioner McGaffigan,
11 for your incisive questions.

12 (Laughter.)

13 CHAIRMAN DIAZ: Now, Commissioner Merrifield?

14 COMMISSIONER MERRIFIELD: This is a tough meeting because a lot
15 of the – I think a lot of the questions that I'd want to ask are more appropriately
16 reserved for a non-public meeting. But I agree with Commissioner McGaffigan: I think
17 the staff has done an awful lot and should be congratulated for a lot of achievement
18 over the course of the last four years.

19 Roy, you mentioned in discussing – you sort of went over a variety of
20 different accomplishments. One of them you spoke about was the Force-on-Force
21 Testing Program and the notion that we wanted to come up with a program that
22 created a composite adversary force that would provide enhanced realism and
23 consistency in those very same programs.

24 That generated significant amount of public and Congressional concern,

1 and certainly the issue of a conflict-of-interest was among the issues that had been
2 raised. I'm wondering if you could go briefly a little bit more in detail about how that
3 program has met some of the objectives we originally set out and the level of
4 confidence that you have that the potential conflict-of-interest concerns that have been
5 raised have been resolved, and how effective overall this means is for us.

6 MR. ZIMMERMAN: Sure. And I'll do it briefly. I won't get into actual
7 numbers. But the concern, as it existed before with the initiation of the program being
8 done by Wackenhut individuals, is that there's currently 13% -- or, let me say,
9 currently about a third, a third of the composite adversary force that is comprised of
10 other than Wackenhut employees. So they are achieving what they said they wanted
11 to do and we wanted them to do, which was to get a more homogenous mix of
12 bringing in security officers from different locations. So we will continue to monitor that
13 and make sure that it meets our expectations with regard to not leaning too far in one
14 direction or the other on the makeup of the composite adversary force. We observe
15 the CAF on a regular basis, and we remain pleased that they run fast and jump high
16 and do the types of things that we would expect them to do. They are very
17 knowledgeable in offensive tactics; something that we didn't see previously. So we
18 put this in the positive column, and we have not, to the best of my knowledge,
19 received any negative feedback about the performance of the composite adversary
20 force since that conflict-of-interest issue had arisen.

21 COMMISSIONER MERRIFIELD: One criticism that is often directed at
22 us is that sometimes we do a lot of the security work independent of other Federal and
23 State agencies who are also working to improve security. I think, to a certain extent,
24 this criticism is generated because of a lack of knowledge of what we do and because

1 some of it needs to be kept in a more secure way.

2 From a very broad perspective, without getting into any kind of details,
3 can you provide some characterization of the amount of time and effort your staff
4 spends with coordinating with the Department of Homeland Security, its various sub-
5 elements, as well as the national intelligence community to make sure that we have
6 the appropriate connection and connectivity on the efforts that we have.

7 MR. ZIMMERMAN: Sure. I think the best way to proceed is, I'll talk from
8 a qualitative sense and I will take as a take-away to try to provide you the more
9 quantitative values associated with the –

10 COMMISSIONER MERRIFIELD: What I'm looking for here -- in answer
11 to this, I'm looking an opportunity in a public forum for you to express how well things
12 are going with that degree of connection.

13 MR. ZIMMERMAN: Okay. The connection that we have with the
14 Department of Homeland Security requires a fair amount of care, and feeding, and
15 interaction. I mentioned that we do have a liaison that works primarily down there,
16 who we're in contact with on a regular basis and comes back regularly during each
17 week to be able to help us. That is a big assist.

18 DHS continues to go through a lot of its growing pains and its staffing
19 activities, and it is extremely important that we understand what they're thinking. It's
20 an extremely dynamic environment, and I think that we need to continue to stay close
21 to them, over communicate with them, for them to understand what we're doing and
22 for us to understand what they're doing and what they're thinking.

23 COMMISSIONER MERRIFIELD: Would you reject a criticism that we
24 are not working cooperatively with those agencies, and would you instead characterize

1 it as a close working relationship?

2 MR. ZIMMERMAN: Yes, I would vigorously disagree about not having a
3 close working relationship with DHS.

4 During the Reg Info Conference, Assistant Secretary Stefan, who is one
5 of the closest organizations that we work with, made it very clear to the attendees that
6 we have a very close working relationship with DHS.

7 That doesn't mean that there isn't a lot of work to do, and there is, and a
8 lot of coordination to do. But we are coordinating in a very professional way with DHS
9 on a regular basis. Basically, on a daily basis, we have interactions with DHS.

10 COMMISSIONER MERRIFIELD: I have a couple more areas, but I think
11 we may need a second round.

12 CHAIRMAN DIAZ: Thank you, Commissioner Merrifield.

13 Commissioner Jaczko?

14 COMMISSIONER JACZKO: I just want to echo some of the thoughts
15 that have been said already about the work that NSIR has done, I think, to get up and
16 running. Certainly I think it's important to say the work that the Commission has done
17 to get NSIR going, and I certainly applaud them for the work that has been done in the
18 past on this.

19 I want to talk a little bit about some emergency preparedness issues.
20 One of the first issues you mentioned, I think, Roy or Eric mentioned, involved the
21 Alert Notification System at the Indian Point facility, where we recently issued an order
22 to implement a backup power system.

23 I think it was in 2003, Congress asked FEMA to update the guidance on
24 Alert Notification Systems and, in particular, to take a look at how backup power

1 should be provided. I'm wondering if you can give me an update on where that report
2 is right now, if we have an understanding of where it stands, and if you have any idea
3 of when it might be finalized.

4 MR. LEEDS: Yes, sir. We have just recently received the report. We
5 have communicated with DHS to make sure what level of response they were looking
6 for. They were looking for a staff-level response. Certainly we'll send our comments
7 that we're going to send over to DHS to the Commission so that you are aware. They
8 have sent it out for public comment. I don't have a date for when they are going to go
9 final with it. I don't think they have a date yet, but as soon as we find out, we'll
10 certainly keep the Commission informed.

11 MR. REYES: If I could add, in terms of practical -- in the field
12 implementation, as the equipment gets older and is being replaced by the utilities, they
13 are aware of the forthcoming requirement, and we see more and more of the sirens
14 that are the replacement sirens being equipped with backup power, simply because
15 the timing is right -- end of life -- they are being replaced, and they know the
16 forthcoming requirement, even if it's not out yet.

17 COMMISSIONER JACZKO: I guess that was my next question, then.
18 Do you foresee a need for us to take action in this area to ensure that any of the new
19 recommendations are implemented, or do you think that those are happening now or
20 will be happening?

21 MR. LEEDS: Oh, I think that -- I'll echo Luis's comment. They are
22 happening. Licensees are looking ahead. The licensees want to get the guidance as
23 soon as possible also so that they can start implementing those improvements.

24 There is a bit of work to do in the field, and we are engaged with DHS on

1 it, sir.

2 COMMISSIONER JACZKO: Okay. Thanks.

3 The next question, this is an issue that -- I think last October, the
4 Commission had a petition for rulemaking on daycare centers at Three-Mile Island. I
5 think Roy you touched on this briefly, or maybe Eric did, as well.

6 I'm wondering again here if you can just give me an update on the status
7 of where the discussions with the State of Pennsylvania are on this issue.

8 MR. LEEDS: Yes, sir. I'll take that.

9 The staff has met with the State of Pennsylvania. We have met with the
10 Pennsylvania Emergency Management Agency, with the Department Of Homeland
11 Security, and also with the regional Federal Emergency Management Agency. So we
12 have had face-to-face conversations and a lot of telecommunications with them on the
13 issue.

14 We talked about roles and responsibilities, and we focused on what the
15 State of Pennsylvania is doing for the licensed daycare centers.

16 To give you an idea, the Pennsylvania Emergency Management Agency
17 went out to all of the licensed daycare centers in the Three-Mile Island emergency
18 planning zone. That's 90 facilities. They reviewed their emergency plans and found
19 that 89 out of the 90 acceptable and integrated.

20 There was one -- one of the daycare providers needed to work on
21 providing additional transportation resources for the children.

22 So the Pennsylvania Emergency Management Agency has done a lot of
23 work on it. We stay plugged in with them, and I'm very pleased that we are
24 establishing a good working relationship with them.

1 We should have a paper, a Commission paper to you by the end of April
2 detailing what we have learned from our interactions with FEMA, DHS, and the
3 Pennsylvania Emergency Management Agency and where this issue stands, with
4 recommendations for going forward.

5 COMMISSIONER JACZKO: Just to follow up, is this something that – Is
6 the staff taking a look at other States where there may be a similar problem?

7 MR LEEDS: To an extent, we have looked at different States. Every
8 State seems to be different, and that's part of the FEMA guidance where there are a
9 lot of different ways that States can implement the provisions needed for daycare
10 centers and for all special populations.

11 So we are finding that States are different, and it works different ways in
12 different States. But the issue is, does it work, and are there provisions for
13 transportation for those special populations? And so far what we have found is all
14 favorable.

15 COMMISSIONER JACZKO: Thank you.

16 MR. ZIMMERMAN: I would like to add one addendum to it. In watching
17 this process -- and Eric alluded to it -- the working relationship through this effort has
18 enhanced trust between the State and the NRC.

19 And we have gone there. And they have learned from us; we have
20 learned from us. They have come here. The same thing occurred. We gave them
21 tours of the operation center. We let them get a better sense of how things work down
22 here. They got smarter, and the relationship on a first-name basis and those types of
23 related benefits have come from this activity, as well.

24 MR. DAPAS: Just one thing to add, Commissioner. Exelon has

1 embarked on an initiative where they have met with daycare center management to
2 offer some assistance in understanding emergency plan content, et cetera. And
3 they've done that within the facility, the locale of the facility.

4 COMMISSIONER JACZKO: I appreciate that and I do think that certainly
5 as I have watched this issue unfold, it does seem like Exelon has been aggressive in
6 attempting to deal with this. And I think that, to some extent, they have been slowed
7 down by the Federal, State, and local governments working out some of these roles
8 and responsibilities. So I think it's important. I appreciate that. Thank you.

9 CHAIRMAN DIAZ: Thank you. Commissioner Lyons?

10 COMMISSIONER LYONS: I would like to start by seconding some of the
11 comments from my fellow Commissioners, complimenting the work that NSIR has
12 done. You certainly had a large number of challenges, and I think this presentation
13 clearly indicates the way you are addressing those challenges very, very effectively.
14 Probably the most visible was the hurricane response. But I realize there are many,
15 many other areas where compliments are well deserved. You also have many
16 challenges ahead of you.

17 Let me start with a question on the attrition rate.

18 Roy or maybe Eric mentioned that it's higher. I think it's about twice the
19 rate for the NRC as a whole. I'm just curious if you're seeing any trends or if this is a
20 pattern that deserves special attention. Or just how you would respond on that?

21 MR. ZIMMERMAN: It's a very good question. The way I would like to
22 proceed, if it's okay with you, is that I'd like to ask Miriam to address it first, and I'll fill
23 in after Miriam.

24 MS. COHEN: Thank you, Roy. We have looked at the attrition. Clearly,

1 it's more than double than it was a year ago. We hovered around 5% or so, and it's
2 up to about 11%. But we have looked at the reasons why people left. And people are
3 leaving either to get a job closer to home, which we view as a positive thing for the
4 employee if they can work that out. They are leaving for other opportunities within the
5 NRC, and some of them are leaving to go to other Federal agencies, and retirements,
6 as well.

7 As Glenn could probably buttress this, there are folks in the security field
8 that are on very, very high demand, and we are competing against other agencies,
9 whether it's DHS and other parts of the law enforcement organizations that are striving
10 for the same talent that we are.

11 But by and large, those are the primary areas why people are leaving.

12 COMMISSIONER LYONS: Miriam, if we can go to the one piece. The
13 individuals that are leaving from NSIR and going to other offices, can you talk a little
14 about how many are going for promotions and how many are going for laterals?

15 By and large, most people are going for promotions. Not many people
16 are leaving the office for laterals at this point in time.

17 MR. ZIMMERMAN: The only thing that I would add -- and I think Miriam
18 did a great job -- is that as we are seeing the attrition going up, we can't keep pouring
19 in from the top and watching people leaving from the bottom. We're not going to get
20 there that way. So we are going to need to get a very aggressive plan. We are going
21 to need to use all the tools that have been provided to us in terms of incentive
22 programs and at these exit interviews, to do what we can to try to retain qualified,
23 strong performers and stay very aggressive in bringing in qualified individuals.

24 But it is one of those gap areas that was in the SRM that we wanted to

1 focus for you.

2 COMMISSIONER LYONS: Thank you. In some of the comments, you
3 mention the challenge of cyber secure, which I very much understand.

4 But just a comment I wanted to make was that as we see more and
5 more progress towards digital I&C, I will continue to be very, very nervous that we
6 maintain a very clear separation between what's done within a facility, within a site,
7 and what's possibly accessible by any mechanism digitally from outside the site. And
8 I'm just guessing that this will add to the challenge of cyber security as you continue to
9 look at this area.

10 MR. ZIMMERMAN: We see it exactly the same. If you turn the clock
11 back a decade or two with analog systems, we saw a much greater insulation for
12 safety-related systems than we see now. I shortchanged it and spoke in terms of a
13 very dynamic area, which a lot goes into that. And the change to digital is what it's all
14 about and how rapid the change occurs. We have to stay on our game. You know, we
15 are looking at rulemaking in this area as well, and we plan on staying fully engaged in
16 cyber security so that we don't get caught finding out that things have changed. And
17 now the ability to get into safety-related systems exist, wherein in the past, it did not.

18 So we're working very closely and in a very collaborative way with NEI.
19 NEI has similar concerns and has put out, as I said, a very good document. So all
20 actions are aligned, continuing to focus on this topic.

21 COMMISSIONER LYONS: I appreciate that, and I think it will be a
22 continuing challenge.

23 COMMISSIONER MERRIFIELD: Commissioner, you said you were
24 nervous. Did you mean to say nervous, or did you mean to say you were concerned?

1 COMMISSIONER LYONS: I'm concerned, which – I'd have to look in a
2 dictionary. I simply would like to be sure that we maintain our vigilance to maintain a
3 separation of the two systems. Is that okay?

4 MR. ZIMMERMAN: I fully agree.

5 COMMISSIONER MERRIFIELD: "Concern" brings with it a note of
6 oversight, but hopefully confidence that we can do the right thing. Whereas, "nervous"
7 might connote that we might not be able to.

8 COMMISSIONER LYONS: Okay, thank you.

9 COMMISSIONER MERRIFIELD: But you can say whatever you want.
10 I'm just a lawyer on this side of the table.

11 (Laughter.)

12 COMMISSIONER LYONS: I appreciate that. And I'm certainly not
13 suggesting that there is a problem. I'm just asking that we be very, very careful.

14 CHAIRMAN DIAZ: Would you start that again?

15 (Laughter.)

16 COMMISSIONER MCGAFFIGAN: He's given up on you, Mr. Chairman.
17 He's still trying to educate Roy.

18 CHAIRMAN DIAZ: I know, he gave up on me a long time ago.

19 COMMISSIONER MCGAFFIGAN: And me too.

20 COMMISSIONER MERRIFIELD: No, I don't give up. I don't give up.

21 COMMISSIONER LYONS: I'll certainly have more for another round this
22 afternoon, however we decide to do it.

23 CHAIRMAN DIAZ: Thank you, Commissioner Lyons.

24 Let's see. I think it's a good time to use that very classical and

1 meaningful phrase that I used last week at the RIC. And that is, "we have come a
2 long way, baby". And I think it describes very well where we are. I use "we" because,
3 as Commissioner Jaczko mentioned and everybody understands, really the building
4 up of NSIR has been a joint Commission and staff effort that's been going on for a
5 long time, and we all need a break. We guys, you know, need to get to a level and
6 say we're there. If Sam Collins were here, I would entertain with him again my famous
7 discussion of -- you know, Sam kept saying we're a learning organization, and I would
8 say, well, sometimes, Sam, you need to tell me we have learned, that we are a
9 learned organization.

10 MR. ZIMMERMAN: We did bring B.5.b Phase 1 to the table with a smile
11 today.

12 CHAIRMAN DIAZ: Very good. Very good. And I appreciate that.

13 Now, let me make one comment and one question.

14 I think, not only NSIR, but especially NSIR, NRR and probably Research
15 too, we are entering into an area in which we're going to find, whether we like it or not,
16 some divided interests.

17 That is going to be how much time and effort do we put into what I will
18 call operational safety and security programs. This is really what you do and that's
19 what we're doing. So operational security and security programs.

20 We all realize we have to continue to do that, but there is the potential
21 for us putting a significant effort -- and the fact is, we are putting already significant
22 efforts and a significant amount of resources into the new reactor licensing. There
23 has to be -- whether we want it or not, there has to be some separation between these
24 two issues so they can actually, each one of them, get the proper attention. However,

1 you don't want to disconnect them. So there goes the dilemma. You want to keep
2 them connected, but you want to keep the emphasis going at the proper level, at the
3 proper time, and don't take anything away from either one of those programs.
4 I'm sure you understand that.

5 MR. ZIMMERMAN: I do.

6 CHAIRMAN DIAZ: Mr. Zimmerman, what I would like to ask is, how is
7 NSIR ensuring that the strong connectivity you have to have with NRR is, from the
8 very beginning, there as you look at the new reactor security so that we don't take
9 steps in the wrong direction?

10 MR. ZIMMERMAN: Okay. If I can, I will answer it in a couple of different
11 ways.

12 First off, internally, I think the reorganization helps us greatly within NSIR
13 to be able to put up some areas of insulation, rulemaking, future reactors, to be able to
14 let that work go on while we chase other issues of the day, which is part of the job.

15 As far as working with NRR, Jim Dyer and I talk on a regular basis. We
16 have our regular meetings. We had one yesterday. And we look down the road
17 about, are we connected? What are the areas that there may be challenges on that
18 we need to join hands and look at ways of being able to resolve those issues.

19 That occurs at all levels between both of our organizations and allows
20 comparing of notes, because we report out to see if there's any disconnects in where
21 we're headed.

22 We need to be looking down the road, making sure we have got the
23 resources and we're aligned on the vision of how we're going to get things done.
24 Areas where maybe we're not so sure have to get flagged early so we can sit down

1 with the right people across the different offices and talk to make sure that we work it
2 out so that we get the alignment right for the path that we are going to take.

3 What we can't do is confuse the industry, where they've talked to one
4 organization and get a particular answer and talk to another organization and get a
5 slightly different answer. That will start to impact the trust issue.

6 So we're doing what it takes to have regular meetings at various levels
7 between NRR and NSIR, and other offices, whether it's OGC or whoever we need to
8 bring to the table to make sure that we achieve good alignment early, and when we
9 see some potential problems, we flag them early so we can take care of them.

10 CHAIRMAN DIAZ: Okay. I think this is an ongoing and difficult subject.
11 Of course, I always like to introduce a new term just to challenge you. If Joe Callan
12 was here, he would probably be taking potshots at me because he would say we are
13 all about operational safety, and I just introduced operational safety and security
14 programs because that's a reality.

15 Thank you very much. With that, I think we have one round for incisive
16 questions.

17 (Laughter.)

18 COMMISSIONER MCGAFFIGAN: I have two questions.

19 One has to do with, are we making any progress with DHS in getting them to pare
20 down their various lists of critical infrastructure?

21 As a preface to the question, I'll say that I personally believe that we
22 have 68 items that belong on the list. Of the first 10,000, the most important, critical
23 infrastructure priorities are the 64 reactor sites, the two CAT 1 fuel cycle facility sites,
24 and the Paducah/Honeywell complexes that are across the river from each other; the

1 latter two, not because of radiological consequences, but because they're unique
2 national assets.

3 Beyond that, I would think that the 10,000 or 100,000 chemical plant has
4 far more consequences than RTR's, or irradiators, or manufacturers and distributors
5 and the other fuel cycle facilities. And that's what our analysis shows. We have a
6 hard time generating casualties. So how are you dealing with the radiophobia that
7 seems to permeate the list makers at DHS?

8 MR. ZIMMERMAN: Sure. It's a mixed bag. We are not making as much
9 progress as we would like to make. We found that out during our NORTHCOM visit;
10 that it's not just DHS, but with other stakeholders as well.

11 We want to continue to engage, and we will, and continue to point out
12 that we are not aligned with some of the priorities that they have listed, and we will
13 work to try to make that clear to them so changes can be made.

14 Right now, DHS is in the process of doing a comprehensive review of the
15 chemical facilities. That will naturally, through that process, which is aimed to do this,
16 work to level that playing field.

17 COMMISSIONER MCGAFFIGAN: Let me cut you off so I can get one
18 last comment in.

19 I see Mr. Lochbaum in the audience.

20 I am very proud of where the Ops Center is today. The information
21 systems -- we have taken advantage, I think, of 9/11 to bring the Ops Center into the
22 modern age with tremendous telecommunications capabilities, tremendous abilities to
23 deal both with open information and classified information.

24 We can go even to code word by walking out of the room and down the

1 hallway to another office, another secure video teleconference capability. We're not
2 going to show that to the public. But I think taking advantage of making sure
3 members of the public understand how good our Ops Center is, what information is
4 available, and making sure any visiting -- whenever there is a convention in
5 Washington of law enforcement officials from the States or emergency preparedness
6 people from the States, getting as many of them in there as possible so they
7 understand, I think it would be valuable.

8 MR. ZIMMERMAN: If Eric could make a quick comment if there is time.

9 MR. LEEDS: Yes, sir. Thank you. We appreciate hearing that. We are
10 making a concerted effort to bring people through the Ops Center on a regular basis.
11 We ran eight different organizations through during the RIC. Monthly, we take the
12 INPO plant managers through the tour. Whenever foreign visitors are here, we take
13 them through the tour. We have had a number of opportunities to take members of
14 the public through the Ops Center and give them a tour.

15 We're very proud of the center. We think the capabilities have increased
16 greatly, and we do show it off, sir.

17 COMMISSIONER MCGAFFIGAN: I just think we have one of the most
18 modern Operations Centers in Washington at the current time.

19 CHAIRMAN DIAZ: Thank you sir, Commissioner Merrifield.

20 COMMISSIONER MERRIFIELD: And hopefully we can keep it that way,
21 too. First question, we talked a little bit about the various reviews that have been
22 undertaken of NSIR, whether it's by our IG, whether it's by GAO, whether it's others,
23 there's been an awful lot of looks at how we have been doing business.

24 Are we, or are you in NSIR suffering any review fatigue? I think there's

1 an easy answer to that one, I think.

2 MR. ZIMMERMAN: Yes, I think we are, for a couple of reasons. One,
3 there is the repetitiveness of it that overlaps. We have not been fully aligned with
4 some of the input that we have received, and we have tried to make that clear. That
5 takes time to do that and takes us away from other work, which is frustrating for us
6 when we have to continually educate certain organizations and only make limited
7 progress.

8 What we try to do is pull ourselves up by the bootstraps and say, okay,
9 what can we learn from this product?

10 COMMISSIONER MERRIFIELD: Okay. Eric, there was an interesting
11 question asked about what we're doing on emergency preparedness and some of the
12 challenges we face with various States. You mentioned that obviously we work
13 differently with different States. Coming from a small State like New Hampshire, what
14 works well in my home State obviously might be different from what works well in New
15 York, Mississippi, or Arizona.

16 And I'm just wondering, given what you have been learning through
17 some of the more recent reviews and issues that had to do with Pennsylvania and
18 others, have you come to the conclusion that that's still the right system, or is a
19 one-size-fits-all a better way of doing business? I didn't take that to be the case, but I
20 wanted to make sure I heard correctly.

21 MR. LEEDS: Commissioner, we heard very, very clearly from the States
22 when we had our outreach meeting on August 31 and September 1 over at the
23 Marriott. We had over 200 participants. And the big message that we got back from
24 the States and locals was that one size does not fit all. And what the Emergency

1 Management Agency in Cedar Rapids wanted was very different than what Cathy
2 Dowd, the deputy EMA up in New Hampshire, wanted. And they said, you have got to
3 treat us differently. We are different States, we have different needs, different
4 population bases, not homogenous, transient, populations around some and not
5 others. And they have made that very clear. I spent a lot of time up in the New
6 England States, sir.

7 MR. ZIMMERMAN: They made it clear to us and they made it clear to
8 each other.

9 COMMISSIONER MERRIFIELD: Karen and I are looking at each other
10 because we may be two lawyers on sort of this end of the table, but she's from Cedar
11 Rapids, and I'm from New Hampshire. We don't always see eye to eye.

12 (Laughter.)

13 CHAIRMAN DIAZ: It was not intentional.

14 (Laughter.)

15 MR. LEEDS: I'm pleased to say that we have established good working
16 relationships with the EMA's. It takes a lot of effort, and it's worth it, sir.

17 CHAIRMAN DIAZ: Thank you. Commissioner Jaczko?

18 COMMISSIONER JACZKO: Thanks. I just want to follow up with one
19 more question in this area, and perhaps it falls under what Commissioner Merrifield
20 was suggesting.

21 I think lots of areas are not one size fits all and lots of sites are not one
22 size fits all. I think one of the area's that is becoming clear to me is that perhaps when
23 we get to emergency preparedness, we need to, perhaps, not look at a one-size-fits-
24 all for every reactor site.

1 In particular, there are some sites that have larger population zones, for
2 instance; different topographies, and all kinds of different features that may require
3 looking at different approaches for different areas.

4 And so I'm wondering – perhaps, I'll do this in the form of a question
5 then. You talked a lot earlier about the need to – or the work that's ongoing for EP
6 review, NUREG-0654. It is a 1980 document that's been updated and supplemented,
7 but really it's a 1980 document.

8 So I'm wondering, as part of that review, is this something you'll be
9 looking at to maybe take a step back and see, should we be looking at different
10 approaches for different areas and, in particular, kind of the population-centered kind
11 of approaches, depending on population size?

12 MR. LEEDS: That's an interesting question, Commissioner. It's
13 interesting we have such a diverse group of stakeholders, and when we reached out
14 to the stakeholders to ask what their interests were, we heard very different things
15 from our Federal partners and from our States and from the public and from the
16 industry.

17 NUREG-0654 is something that the staff would like to work with DHS on
18 to update it, to incorporate all those supplements, and also what we have learned in
19 recent years because of the ongoing studies that we have – our recently completed
20 evacuation study, for instance. And we want to spend those resources and go forward
21 with that, and I know our Federal partner wants to take a look at that also.

22 It's interesting because when we talked with the States, that's not their
23 interest. And they have specific interests more along the lines of the security events
24 and EAL's. The public has other interests. They are focused on sirens. So there is a

1 lot of work to be done; a lot of competition for limited resources. We would like to go
2 there -- and that's something I think we're going to need to provide to the Commission
3 for your direction in the September paper that I alluded to earlier.

4 COMMISSIONER JACZKO: Well, certainly. I certainly look forward to
5 that. And of course any resource needed that we'll have to address those issues
6 certainly will be important as well to know.

7 MR. LEEDS: Yes, sir.

8 CHAIRMAN DIAZ: Thank you, Commissioner Lyons?

9 COMMISSIONER LYONS: This will probably wind up being a question
10 for Marc. But you have been describing and we're well aware of the growth and
11 evolution of the programs in NSIR, and they have certainly had a significant impact
12 within your own organization here at headquarters. But Marc's comments as well as
13 Eric's and others also noted the impact of NSIR's growing programs back on the
14 Regions. I'm just wondering if, from a Regional perspective, you're finding that the
15 Regions are adequately staffed to both accomplish the needs and the goals of the
16 NSIR programs and still maintain some of their very critical operational -- well, all of
17 their critical operational missions.

18 MR. DAPAS: I think the short answer to that is, yes, we are adequately
19 postured to address the program requirements. As I mentioned, the budget planning
20 process is a key to success, in our view.

21 It's an opportunity for us to engage the program office and make sure
22 that we're in alignment regarding our understanding of what those requirements are
23 and what resources are needed. And you get into things like budget model and the
24 amount of direct effort, making sure that we understand the number of hours that are

1 needed to complete the various inspection modules.

2 But I think we have been successful in working closely with the program
3 office to ensure that we are adequately resourced to execute the program properly.

4 And as I mentioned, there are various feedback processes that we
5 exercise. We have the formal review and concurrence process, where we're able to
6 review procedures and comment on those. Of course, we have the reactor oversight
7 process feedback options that we use. But I do think that we are well postured to
8 execute the programs with the resources we have. And we do continue to emphasize
9 the importance of operational safety and making sure that, as we continue to
10 implement the security requirements, we're also focused on the other aspects of the
11 program and that we are resourced for that as well.

12 MR. REYES: Commissioner, having said that, we need to watch that
13 closely because the time on reactive issues is much faster than the budget process.
14 So best intentions, we budget the Region for what we know at the present time, and
15 an issue comes up that we have to deal with that we couldn't anticipate. So we have
16 to be watchful that the right amount of resources are there in the field to execute.

17 COMMISSIONER LYONS: And this may be an area, too, where you
18 need to certainly not hesitate to bring to the Commission, if there's too much of an
19 impact that the Regions cannot accommodate within the available resources.

20 Anyway, I appreciate the answer, and certainly it's a most important
21 subject. Thank you.

22 CHAIRMAN DIAZ: Thank you, Commissioner Lyons, and I want to thank
23 the staff for not only the briefing but the work that goes behind it.

24 I want to close the meeting by taking a further application of something

1 that Marc said, oh, about an hour ago, when he talked about the issue of value-added
2 inspections.

3 Well, I think that that applies to the entire NSIR organization; an
4 organization that in every one of your activities, you need to add value to it because in
5 many ways, you are, in the security arena, mixing the mainstream of so many of the
6 agency activities and therefore adding value to those activities that you undertake.
7 And so it's always a significant issue.

8 With that, we thank you and we're adjourned.

9 (Whereupon, at 11:15 a.m., the meeting adjourned.)