



NRC NEWS

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I am delighted to be here this morning to share a few thoughts with you.

The theme of this year's conference is "The Future Begins Now," while the title of his particular session is "Staying Focused." I hope that I will be able to confine my remarks within the tight boundaries of these very specific and concrete descriptions! Actually, I am always impressed by the ingenuity of conference organizers who are able to come up with these topics and themes... which are wonderfully general and rather vague, yet still manage to convey some important concept or message to provide a unifying thread for the conference. And I am pleased to say that the themes, "The Future Begins Now" and "Staying Focused" do capture very well the subjects I want to address this morning.

A few weeks ago I spoke at the U.S. Women in Nuclear Meeting, which was held at Disneyland in Anaheim, California. And just to be impartial, independent and fair—which is what we strive for at the NRC—I decided to come to the other coast, and visit the other Disney resort, here in Florida.

Now, I know that we are actually 200 miles from Orlando, but I ask you to indulge me so that I can make a point that I made in Anaheim, which is that, in my capacity as the Chairman of the Nuclear Regulatory Commission, I regard Disney as my competitor.

That may seem like a somewhat cryptic remark, so let me explain it with a brief story. Bill Gates was once asked who Microsoft's biggest competitor was. He responded, rather surprisingly, that his biggest competitor was Goldman Sachs. Gates explained that both companies were in what he called "the IQ business." "Microsoft must win the IQ war," he said, "or we won't have a future. I don't worry about Lotus or IBM, because the smartest guys would rather come to work for Microsoft. Our competitors for IQ are investment banks such as Goldman Sachs and Morgan Stanley."

So what does that story have to do with nuclear energy and Disneyland? I think it comes down to similar commonality: safety.

I don't mean to discount IQ, of course. But since we have a lot of engineers present, I think we can take that as a given. And, as you know, the NRC is not a Mickey Mouse operation. But what Disney and the nuclear energy business have in common is that they both depend for their success, for their existence, on an absolute commitment to safety.

That focus is key to a successful in-house engineering operation, with a comprehensive education, training and development program. I think you will find this kind of program in companies that understand, as Disney appears to, that without their customers' trust, nothing else matters.

So if the theme of this panel is "Staying Focused," I would urge everyone in this room to remember that the object of our focus—and this includes industry and regulators alike—is safety. This focus must be paramount in the design, construction, operation and oversight of nuclear plants at every stage, of course. But let me elaborate on one area that is of particular concern to me: the ability of the global manufacturing sector to meet the growing demand for high quality nuclear components in a timely way.

I should mention that the relatively small number of firms producing major components at least makes it relatively easier to oversee the quality and authenticity of these components. We face a different challenge in ensuring the quality of the thousands of smaller parts and materials that are manufactured in other parts of the world.

The construction of a commercial nuclear plant today involves pumps, valves, motors, fans, pipes... and even screws... that may be produced by any number of companies—both private and state-owned—around the world. And the close scrutiny that regulatory agencies can bring to bear on major manufacturers to assure that quality components are produced does not always apply with the same intensity to the sub-vendors that supply parts and materials to the manufacturers.

To address this, I have suggested in meetings with regulators from other nations that we establish more extensive channels of communication to share information about any components or equipment that may be substandard, counterfeit, inadequate or inappropriate to a nuclear power plant. Regulatory agencies and industry would benefit from sharing this data under normal circumstances, but it seems to me even more critical during the current worldwide push to build new plants.

Now, it may be remotely possible that some of you have heard me mention this topic before. But I think it is important to reiterate the key point that the NRC depends on industry to be the first line of safety.

It is a well-known adage around my office that if there is something amiss at a commercial nuclear plant, the plant owners and operators should find it first. If they don't find it, INPO should. If INPO doesn't find it—and it falls to the NRC resident inspectors to find it—well, then industry has, in a sense, failed. So what I am trying to do when I revisit these themes is to avert problems before they come to our attention as a regulator.

In addition, there are two other reasons I keep coming back to this theme. First, according to data compiled by the American Society of Mechanical Engineers, the number of ASME Nuclear Certificates held by companies fell worldwide from nearly 600 in 1980, to under 200 this year. More strikingly, the decline was due almost entirely to the loss of nuclear certificates among American companies. The number of certificates held by other nations has remained fairly steady—around 100—since 1980, but the number of American certificate holders today is one-fifth of what it was 27 years ago. Clearly, this must be a consideration as we contemplate the anticipated growth in demand for parts.

The second point is more anecdotal, but I am sure it is something you have been following in the news. I am referring to the problems with regard to quality control over both food products and manufactured items that are bought and sold on the global market.

This is bad enough when it concerns contaminated consumer products—which is certainly very serious. But it is a matter of even greater concern when supposedly high quality machine components are substandard or counterfeit, particularly when such defective or fraudulent parts could find their way into a commercial nuclear reactor. That has not happened. And I am confident that it will not happen, as long as we remember that at the end of the day, nuclear power plants are really in the safety business.

That covers what I would like to say on “Staying Focused.” Now let me say a word about “The Future Begins Now,” and then I would be happy to take some questions.

If the much-discussed Nuclear Renaissance is in fact happening—as appears to be the case—its success may well depend ultimately on public trust. On my visit to various nuclear facilities in Japan earlier this year, I was struck by how much effort the Japanese put into making their commercial nuclear reactors accessible to the public— through viewing areas and visitors centers. I would suggest that this is something plant designers might keep in mind for new reactors here in the U.S. It doesn’t take all that much ingenuity to allow people to view the turbines and other parts of plants without putting on slippers or dosimeters, and, in fact, without providing any access points into the reactor. Plant owners and operators can cite safety statistics until, as they say, the cows come home. But, in the end, people tend to trust what they have seen with their own eyes.

After 9/11, access to nuclear facilities was significantly reduced. But now we need to plan for the future. Without compromising security considerations, I think industry needs to re-evaluate its public education policies—including tours.

Another consideration is that the more an industry or business represents the public, and reflects the diversity of society at large, the more likely that it will be able to generate public trust. I think that is an important lesson to keep in mind, as you expand your efforts in workforce development. We all know that one of the challenges facing both industry and regulators is the need to prepare the next generation of engineers, as well as electricians, welders, and other skilled crafts people.

I believe that NEI has just come out with an updated edition of its workforce survey, which contains a great deal of useful information. I look forward to seeing it, and I hope there may be some good news. But even if things do look brighter, that would hardly mean that the challenge is solved. So, to a greater or lesser degree, we still have the same task before us.

I have said before that none of our interests is going to be well served if we spend our time and money chasing after a limited number of candidates. Instead of bidding against each other, all of us – industry and government alike – must focus on an intensive nationwide effort to expand the base of qualified people. And reaching out to people who have not been traditionally well-represented in this business is one of the best ways we can do that.

There is also the simple fact of self-interest: ensuring full access for all potential employees vastly increases the talent pool. And both government and industry are going to need all the talent we can get. In fact, there are now more women in college than men—so if industry wants to build a future with the best and brightest young talent, it needs to attract and encourage people of both genders and all races. I think we can safely say that we no longer live in that time when the phrase “nuclear engineer” referred more or less exclusively to people who look like... well, me!

That brings me to the final point I would like to make. At the NRC we have some very energetic programs for reaching out to small, minority-owned and disadvantaged businesses; and I think that some of these efforts may even be instructive for your own procurement policies. Now, I realize that the notion that government ever operates according to sound business practices strikes many people as a contradiction in terms; and the idea that there may be government initiatives worth imitating makes even less sense! But I do think that what we are doing is at least moving in the right direction: toward greater diversity, more active and inclusive engagement with all levels of society, and therefore greater public support for our activities.

Now, these efforts, while ambitious, are still evolving—so there are some targets we have not yet been able to reach. One of them is an area many of you may not even be very familiar with, but it is a very important category, and one that the government is putting a lot of effort into. I am talking about combat-disabled veteran-owned businesses.

I know from direct experience while I was the Pentagon that our men and women in uniform are highly dedicated and professional. And regardless of the differing opinions people may have on various political questions, I think we can all agree that America owes a great debt of gratitude to those who have been disabled while serving their nation. So I think that if the commercial nuclear power industry is really interested in seeking out the best and brightest, you cannot afford to overlook the nation's disabled veterans.

Let me be clear that in saying all this, I am speaking not as a regulator but simply as someone who cares about this issue and thinks that it is important. So, as “Dale” rather than as “Chairman Klein,” I would take this opportunity to remind you that just as the Nuclear Renaissance cannot afford to leave any stone unturned as we seek to expand the talent pool for hiring, in both industry and government, we should not overlook the possibilities for mentoring small businesses. This will not only increase goodwill with the public, it will also enhance the supplier base, and help the industry prepare for the future in an increasingly diverse society.

If you are interested in finding out more information, there are many government resources available. The best place to begin is the Small Business Administration office in your local area; which is staffed by people who possess a great deal of knowledge and experience with these programs, and they can provide some very helpful guidance. Beyond that, please feel free to contact the NRC's Office of Civil Rights and Small Business Office, which will be glad to steer you in the right direction.

Winston Churchill once said that “The future is imminent, though obscure.” What that means in plain language is that we don't know what tomorrow, let alone next year, will look like. What we do know, however, is that with great change comes great opportunity. So in this time of momentous change for the commercial nuclear power industry, I ask that you seize the opportunity to do great—and good—things. The future of the industry will be more engaged, fairer, and more representative of society at large, but only if you work to make it so. And the future—as the organizers of this conference wisely remind us—begins today.

Thank you for your attention. I would be happy to take some questions.

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