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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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INDEPENDENT EXTERNAL REVIEW PANEL MEETING

+ + + + +

THURSDAY,

FEBRUARY 21, 2008

+ + + + +

VOLUME III

+ + + + +

ROCKVILLE, MARYLAND

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The Review Panel met at the headquarters of the Nuclear Regulatory Commission, Two White Flint North, Room T2B3, 11545 Rockville Pike at 9:00 a.m., Mr. Thomas E. Hill, Chairman, presiding.

PANEL MEMBERS PRESENT:

- THOMAS E. HILL, Chair
- Michael T. Ryan, Member
- Benjamin Nerud, Member

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NRC STAFF PRESENT:

Aaron McCraw

ALSO PRESENT:

Lynne Fairobent

Mike Peters

Felix Killar

Ralph Lieto (via telephone)

Kate Roughan (via telephone)

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

9:00 a.m.

CHAIR HILL: If the meeting will come to order. This is the third day of the sixth meeting of the Independent External Review Panel to identify vulnerabilities in the U.S. Nuclear Regulatory Commission's Materials Licensing Program.

This meeting is being conducted in accordance with provisions of the Federal Advisory Committee Act. Aaron McCraw is the designated Federal Official for today's session.

In accordance with the Federal Advisory Committee Act, this meeting is being transcribed to ensure an accurate account of today's discussion. Please use one of the microphones when making statements. We ask that you identify yourself when speaking and speak with sufficient clarity and volume.

We'll ask that you conduct any necessary side conversations outside the room and if you have a cell phone or pager, please put them in silent mode or turn them off. The Panel appreciates your cooperation of these requests.

This is a public meeting. If you haven't already, I ask that you sign in on the sheet that's provided by the door, and members of the public will

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1 be afforded an opportunity to provide oral comments at
2 the time designated in the agenda.

3 Back here on the table under the screen,
4 we have provided a list of reference materials,
5 documents that have been or will be discussed by the
6 Review Panel. There are also feedback forms for
7 anyone who wishes to provide his or her comments on
8 today's session.

9 At this time, we'll introduce the folks at
10 the table. My name is Tom Hill, Chairman of the
11 Panel.

12 MEMBER NERUD: Ben Nerud, Panel Member.

13 MEMBER RYAN: Mike Ryan, Panel Member.

14 MR. MCCRAW: Aaron McCraw, Designated
15 Federal Official.

16 CHAIR HILL: Thank you. Aaron, would you
17 give us an overview of today's agenda?

18 MR. MCCRAW: Today's agenda is a lot like
19 the agenda for the past days. We're accepting public
20 and interested stake holder comments, both orally and
21 written. As well, if there's any left over time, you
22 gentlemen are welcome to work on your final report or
23 Commission briefing slides.

24 CHAIR HILL: Okay, thank you. Then at this
25 time, I'll ask if there are any comments from the

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1 public. Is anyone on the bridge?

2 (No audible response)

3 CHAIR HILL: Nothing there, okay. With no
4 comments, then at this time, maybe it's appropriate
5 that we resolve some of the comments and edits in our
6 draft report.

7 MEMBER RYAN: Okay.

8 CHAIR HILL: And while we are doing that, I
9 guess we can go off the record for the moment and when
10 ever there is input or final report to be made, we can
11 go back on the record at that time.

12 (Whereupon, the above-entitled matter went
13 off the record at 9:08 a.m. and resumed at resumed at
14 9:48 a.m.)

15 CHAIR HILL: Okay, at this time, we will go
16 back on the record and for the benefit of those who
17 have joined us, we will introduce those at the table,
18 so you have an idea of who is here. I'm Tom Hill,
19 Chairman of the Panel.

20 MEMBER RYAN: Mike Ryan, member of the
21 Panel.

22 MEMBER NERUD: Ben Nerud, member of the
23 Panel.

24 MR. MCCRAW: Aaron McCraw, the designated
25 Federal Official.

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1 CHAIR HILL: And anyone giving us comments
2 from members of the public, we'll ask that they
3 identify themselves also, if they give a comment, and
4 microphones are here at the table. So, if you'd come
5 to the table, we would appreciate it.

6 (OTR comments)

7 MS. ROUGHAN: This is Kate Roughan QSA
8 Global and Co-Chair of the Nuclear Sector of
9 Coordinating Council, the Radioactive Sub-Council.

10 I'm not really clear on the format here,
11 but I did have some comments from the industry
12 perspective on the recommendations and the -- in the
13 report. So, would this be the time to do that,
14 present those comments?

15 CHAIR HILL: Lynne, we'll get you to do
16 that in just a moment.

17 MEMBER RYAN: Lynne, are you using a
18 speaker phone?

19 MS. ROUGHAN: Yes, I am.

20 MEMBER RYAN: Do you have other folks with
21 you?

22 MS. ROUGHAN: No.

23 MEMBER RYAN: It might -- we're having a
24 little bit of buzz on your phone. If you wouldn't
25 mind using the handset, that might help us hear you

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1 better.

2 MS. ROUGHAN: Okay, how is that?

3 MEMBER RYAN: Much better.

4 MS. ROUGHAN: Okay.

5 MEMBER RYAN: Thank you.

6 MR. KILLAR: Okay, I'm Felix Killar with
7 the Nuclear Energy Institute and I've got some
8 comments on the report from the industry perspective.

9 Before I got into my comments, I would
10 like to talk a little bit about unsealed sources,
11 because that's an issue. The industry has had a
12 number of differences of opinion with the NRC on this.

13 So, we certainly encourage you to put words in there
14 about unsealed sources.

15 You have correctly identified -- for most
16 applications, when you're talking about unsealed
17 sources, people think about the short-lived medical
18 applications.

19 However, when you look at the radioactive
20 materials of concern and the application the NRC has
21 used, they don't distinguish between a sealed source
22 and an unsealed source for those radioactive materials
23 of concern.

24 So, what happens is that we have a resin
25 shipment, for instance, that's going from power plant

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1 to waste, because the total quantity that's in that
2 resin shipment is now a radioactive material of
3 concern. We don't believe that was what the intent
4 was for security purposes.

5 Similarly, we may have a reactor vessel
6 that is internally contaminated and it will trigger or
7 trip to threshold levels, for being a radioactive
8 material of concern and therefore, once again, it has
9 to go through all the additional security and
10 requirements, what have you. It's not a sealed
11 source. It's an unsealed source. But the total
12 content of the curie content trips levels, and so,
13 therefore, we have these additional requirements.

14 So, what we've tried to do at the NRC, to
15 understand, is that they need to put some type of
16 concentration limit or something along that line, so
17 if they're not talking about a sealed source, they're
18 at least talking about some type of concentration
19 limit to where you have a compactness of those curies
20 in a limited space. And so, for --

21 MEMBER RYAN: What happens to the hardware?

22 MR. KILLAR: Pardon?

23 MEMBER RYAN: What happens to the hardware,
24 which is not unsealed. It's a --

25 MR. KILLAR: Right.

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1 MEMBER RYAN: -- solid component.

2 MR. KILLAR: But it's spread across the
3 whole, you know, vessel, steam generator --

4 MEMBER RYAN: No, no, no, I'm talking about
5 -- CRV's are something you put in a casket ship --

6 MR. KILLAR: Right.

7 MEMBER RYAN: -- or in a container. You
8 look at that as a solid or an unsealed source?

9 MR. KILLAR: We would consider that an
10 unsealed source, even though it is spread across the
11 whole container. Probably a better example --

12 MEMBER RYAN: No, no, no, not spread across
13 the container. I'm talking about integrated in the
14 matrix of the metal, a radiated part components that
15 are replaced, so that's not spread across the
16 container, like a resin would be, you know, or
17 contamination on the inside of the container.

18 I mean, do you distinguish between -- it
19 sounds like you don't distinguish between solids and
20 resins and filters and all the other stuff that goes
21 along.

22 MR. KILLAR: Well, even if, like, for
23 instance, a contaminated core barrel, for instance, is
24 spread across the whole core barrel, and so, it's not
25 in a localized location -- that activity is not in a

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1 localized location, spread across, so we consider that
2 an unsealed source, because it's spread across the
3 barrier.

4 So, that's what we're trying to get the
5 NRC to recognize, that that difference between a
6 sealed source, which is typically a very strong curies
7 per gram, whatever you want to say, versus curies --

8 MEMBER RYAN: Yes, specific activities are
9 high.

10 MR. KILLAR: Right.

11 MEMBER RYAN: Careful though, because the
12 reason I ask about the hardware, some of the hardware
13 is pretty hot, Stellite balls, for example.

14 MR. KILLAR: Oh yes, very hot, yes.

15 MEMBER RYAN: And they're hotter than
16 sealed sources.

17 MR. KILLAR: Right, and that's -- and see,
18 that's what I'm saying, we're looking for some type of
19 concentration, because something like the Stellite
20 balls would possibly fall under that, because of the
21 small amount of space or volume --

22 MEMBER RYAN: Yes, small mass and lots of
23 curies.

24 MR. KILLAR: Right.

25 MEMBER RYAN: So, I understand that. I

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1 didn't understand that question. I guess, I'm just
2 curious, do you think that's a bit of a Pandora's box?

3 I mean, how do you -- where does that end?

4 MR. KILLAR: Well, if we could sit down and
5 talk about some -- establishing some type of
6 concentration limit, curies per gram, curies per
7 liter, I don't know --

8 MEMBER RYAN: Concentration really doesn't
9 tell the risk though. See, if you think about
10 concentration -- I mean, my background is in waste and
11 I worry about concentration versus quantity, because
12 the risk is more related to the quantity.

13 If I've got a strontium-90 eye applicator,
14 it calculates to be way above that.

15 MR. KILLAR: All right.

16 MEMBER RYAN: It's five milli-curies. It's
17 not a big deal. So, concentration is not going to
18 tell the whole story.

19 Now, it's a convenient metric, I agree
20 with you. For transportation, we use it, for health
21 physics purposes and dose rate calculations and all
22 those things, we use it all the time.

23 But I'm wondering in this application,
24 does it really get to the issue of risk, that you'll
25 want to deal with it?

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1 MR. KILLAR: Well, when we think of risk in
2 these particular applications, what we're thinking
3 about is a dirty bomb, and if you go out there and put
4 an explosive device on the side of a canister that's
5 carrying a core barrel, you know, you're not going to
6 have the same effect if you put in the side of a cask
7 that's carrying a cobalt-60 source.

8 MEMBER RYAN: No, I understand the point.
9 But for that reason again, I really have to think hard
10 about, is the -- is a concentration scheme the right
11 metric?

12 MR. KILLAR: Okay, I take your point. I'm
13 certainly open to --

14 MEMBER RYAN: Yes.

15 MR. KILLAR: -- something. But the point
16 I'm trying to make is that when you talk about
17 unsealed sources, you have to understand the whole
18 series of what ends up getting drawn into those.

19 MEMBER RYAN: You know, the bigger
20 question, which is a good question you're raising, is
21 what's the question that should be applied to waste
22 materials? Because so far, what everybody is talking
23 about is materials that have a use --

24 MR. KILLAR: Right.

25 MEMBER RYAN: -- unsealed sources of --

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1 MR. KILLAR: It's typically the waste that
2 gives us the biggest problem.

3 MEMBER RYAN: Right.

4 MR. KILLAR: Yes, I can't actually think of
5 anything other than waste that's an issue.

6 MEMBER RYAN: And I have to tell you, it's
7 a valid question. You know, since you were working on
8 unsealed materials in that one section, maybe we could
9 think about saying something about wastes. You know,
10 further attention needs to be given specifically to
11 waste for a couple of reasons.

12 One is, to me, the fact that you're
13 shipping something -- let's take a reactor pressure
14 vessel, it's a foot thick, it's welded shut.

15 MR. KILLAR: Right.

16 MEMBER RYAN: You know, it's a big
17 production to get one moved from point A to point B
18 and there's lots of things, including security plans,
19 right?

20 MR. KILLAR: Yes.

21 MEMBER RYAN: So, what else do you need to
22 do there and it is an attractive target? Well, I
23 wouldn't think so, because to get to the
24 radioactivity, you have to get through a foot thick
25 steel, you know, wall.

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1 So, I'm not so worried about that one.
2 Resins, on the other hand, if they get spilled around
3 --

4 MR. KILLAR: Right.

5 MEMBER RYAN: -- that could be a nuisance
6 and a mess and lots of activity around. But, you
7 know, what -- again, I'm just thinking out loud with
8 you. Where is the target that would be a real risk
9 from the same view as a 50-curie cesium source?

10 MR. KILLAR: Right.

11 MEMBER RYAN: It's small and mobile. So,
12 it's a real interesting thing to think about. DOT and
13 all the Class A stuff, I just think, is off the radar
14 screen. So, we're really kind of on resins and --

15 MR. KILLAR: Yes.

16 MEMBER RYAN: -- maybe some filter stuff.

17 MR. KILLAR: Yes, some of your B and C
18 waste, you'd be running into a problem.

19 MEMBER RYAN: Then they're transported
20 though, in pretty robust casks that are designed to
21 withstand pretty substantial accidents.

22 MR. KILLAR: Right, we have no problem with
23 that.

24 MEMBER RYAN: So --

25 MR. KILLAR: We have a problem that the NRC

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1 doesn't distinguish that and we have to put the
2 additional security requirements on it while it's
3 being transported.

4 MEMBER RYAN: And what are those additional
5 security requirements and what's -- what exactly --
6 I'm not sure I understand exactly all those things.

7 MR. KILLAR: They fall under very similar
8 requirements that they have in the Orders for Class 1
9 and Class 2 material.

10 MEMBER RYAN: Just based on the curies?

11 MR. KILLAR: And how it can get here, as
12 far as what the requirements are, because they are
13 under orders --

14 MEMBER RYAN: That's just based on curies.

15 MR. KILLAR: Yes, strictly in curies.

16 COURT REPORTER: Keep your voice up,
17 please, sir.

18 MR. KILLAR: Okay.

19 (OTR comments)

20 MEMBER NERUD: We can't discuss the
21 additional security measures, because I'm very curious
22 about those.

23 MS. FAIROBENT: Not in a public meeting.

24 MEMBER NERUD: Not in a public meeting,
25 okay. Thank you.

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1 CHAIR HILL: Is this in the transportation
2 arena?

3 MR. KILLAR: Yes. Let's move on. I just
4 wanted to throw that out, because that is an issue
5 that we have when we're using the IAEA Code of Conduct
6 and that the people don't have an understanding or
7 appreciation that the IAEA Code of Conduct was
8 developed for sealed sources. Now, when you apply for
9 things other than sealed sources, you have to
10 understand the act of what you're doing.

11 Let me get into our specific comments.
12 General comment overall, the whole report, we think
13 you guys did an excellent job on this. We're very
14 happy with the results and the overall
15 recommendations.

16 We would have -- we do have a number of
17 things where we'd like to see some clarity and we do
18 see some things that we do think need some
19 improvements on.

20 On the overall recommendations, we
21 certainly have no question that it applies to Category
22 1 and Category 2 material. We don't necessarily agree
23 that it applies to all Category 3 materials, but it
24 should be Category 3 materials that have significant
25 risk, and it's not clear in your report, that you

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1 distinguish between Category 3 materials as
2 significant risk in all Category 3 materials, and we
3 don't feel that all Category 3 materials need to be
4 covered by this.

5 The other --

6 MEMBER RYAN: If I could just give you a
7 little feedback there. We are trying to not do that.

8 The staff has a big effort under way to look at the
9 so-called 3.5, which is ten times less than three --

10 MR. KILLAR: Right.

11 MEMBER RYAN: -- and ten times higher than
12 four and aggregation and all of that, and I think what
13 we're trying to reflect in the report is we're not --
14 we're making recommendations that we think apply to
15 whatever ends up as the risk significant determination
16 that staff is working on.

17 MR. KILLAR: Right.

18 MEMBER RYAN: We're not trying to make our
19 own determination of three, 3.5, four or anything
20 else. So, that's -- hopefully, the report says that.

21 MR. KILLAR: Okay, well, the way I read it
22 is, as this applies to Category 3 and above for
23 license applications.

24 MEMBER RYAN: Can you show us where it says
25 that?

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1 MR. KILLAR: Well, that's the way I was
2 interpreting it, actually, from your paragraph that
3 you have in your cover letter, I think it was, where
4 it says, "Controls are needed for sources in a
5 contained" --

6 MR. KILLAR: Well, let's go look up --

7 COURT REPORTER: Sir, you need to speak up
8 and speak slowly.

9 MR. KILLAR: I'm sorry. You can -- in the
10 panel -- you know, the Panel has otherwise --

11 MS. ROUGHAN: I think it's in
12 Recommendation 1A, that's it Category 1 versus
13 Category 2 or 3. It's not clear what the scope is.

14 MEMBER RYAN: Okay, let's deal with the
15 question in the letter. It now reads, "As adopted by
16 the NRC."

17 MR. KILLAR: Yes.

18 MEMBER RYAN: So, that's what we're trying
19 to --

20 MR. KILLAR: Right.

21 MEMBER RYAN: -- recognize is, they're --
22 they're actually working now. The staff is working
23 concurrent with this Panel, on trying to evaluate that
24 three, three-and-a-half, four question, 3.5, it's
25 actually ten times or less.

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1 MR. KILLAR: But reading this, this applies
2 to me, that includes Category 1, 2 and 3, and things
3 below Category 3, that they may determine --

4 MEMBER RYAN: Well, the NRC has adopted the
5 Code of Conduct.

6 MR. KILLAR: Right.

7 MEMBER RYAN: So, they adopted it. That's
8 not a factual statement and I think the next sentence
9 really tells a story, "The Panel also recognizes that
10 the staff is currently evaluating whether further
11 controls are needed for sources that contain ten times
12 less than the amounts of radioactive materials
13 specified in Category 3."

14 But then it believes that its observations
15 and recommendations should apply to the risk
16 significant categories of sources, as determined by
17 the Commission. So, just -- we're trying to not guess
18 what they're going to end up with.

19 MR. KILLAR: Right.

20 MR. PETERS: It might be good to get rid of
21 the last sentence.

22 MEMBER RYAN: Could you --

23 MR. PETERS: This Mike Peters, American
24 College of Radiology. I was just throwing out the
25 suggestion that it might be good, since you're not

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1 guessing what the Commission is going to determine, to
2 get rid of that last sentence, where it says, "This is
3 likely to include."

4 MEMBER RYAN: Well, it is likely to include
5 and perhaps, other sources less than Category 3, that
6 the Commission may determine risk-significant. We
7 wanted to further define what the Commission may
8 determine as risk-significant.

9 So, that's our effort, to be clear that
10 we're not trying to guess it. We're trying to
11 recognize what the Commission may determine, not
12 guess, but be in comport with that the Commission may
13 determine.

14 MR. PETERS: Okay.

15 MR. KILLAR: I guess, in your
16 interpretation, I agree, that's what you're saying
17 there, that my reading of that, that's not the way it
18 would have come across to me.

19 So -- because the -- it says -- when you
20 say it's like they include Categories 1, 2 and 3
21 sources, it means that they are automatically included
22 and anything beyond those would also be potentially
23 included, if the Commission determines it's risk-
24 significant.

25 MEMBER NERUD: Exactly, if the Commission

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1 determines that something is risk-significant, our
2 recommendations apply to it, whatever the Commission
3 determines is risk-significant.

4 If they want to say Category 5 is risk-
5 significant, our recommendations apply to Category 5.

6 MR. KILLAR: And I have no problem with
7 that, because actually, one of our recommendations is
8 that -- I think this captures it, is that if you have
9 combinations of sources, which trip the threshold
10 level of risk-significance, regardless of what
11 categories they are in, they should be included in the
12 requirements for reviewing those license applications
13 or license requirements, licensing requirements.

14 But I think when you say may determine
15 risk-significant, it captures that concept.

16 MEMBER RYAN: I'm comfortable with what
17 that says and I think what you're hoping is say, is
18 what it does say.

19 MR. KILLAR: Okay.

20 MEMBER RYAN: What was the other comment?
21 We had another comment at some other place, from the
22 phone.

23 MR. KILLAR: Kate, you were saying?

24 MS. ROUGHAN: I am sorry, in terms of --
25 it's just that it's referencing Category 3 and

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1 recommendation -- excuse me, Recommendation 1A, in
2 terms of licensing for new applicants. Again, it's
3 not clear how -- you know, what category is going to
4 be affected by this.

5 MEMBER RYAN: Recommendation.

6 MEMBER NERUD: On the first Recommendation
7 1A?

8 MS. ROUGHAN: Recommendation 1A and in
9 parenthesis it -- again, it's just not clear of how --
10 what category is going to be affected by the
11 recommendation.

12 But I guess if you're saying it's another
13 -- the workshop -- or working group that's going to
14 determine that, then that will get imported into this,
15 I would imagine, when it's clear what is risk-
16 significant.

17 MEMBER NERUD: That's not really what that
18 says. It says the Panel recommends for new
19 applicants, as defined Appendix A and licensees
20 requesting changes to their authorized quantities of
21 radioactive material to a higher-risk category.

22 So, if they were in Category 3 and they're
23 now requesting a license to go up to Category 1
24 material, that's a change in their authorized quantity
25 and they become a new applicant at that point.

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1 MS. ROUGHAN: Okay, I see what you're
2 saying. I did read it that way, but now -- okay, I
3 can see that.

4 MEMBER NERUD: What we're trying to do is
5 anticipate a threat action in there --

6 MS. ROUGHAN: Okay.

7 MEMBER NERUD: -- that would allow someone
8 to get a license at a lower quantity and be able to
9 operate that way and then say, "Okay, I've established
10 this record of trust and performance. I can now apply
11 for a higher category, get the stuff I need and go
12 from there."

13 And we're saying, "No, at the point you
14 change like that, you become a new applicant and we go
15 back and we review everything again."

16 MS. ROUGHAN: Okay, no, that makes sense.
17 I understand that, okay. I think I read it wrong.

18 MEMBER RYAN: Okay?

19 MS. ROUGHAN: Yes.

20 MR. KILLAR: That's all right, Kate. I
21 read it the same way. I understood what the
22 application was, but by including Category 3, once
23 again, it was implying that if you're in Category 4 or
24 5 or you move up to Category 3, then you're also
25 moving into that risk level, and it's Category 3 that

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1 gives us a concern, the group of categories.

2 MEMBER RYAN: Well, again --

3 MR. KILLAR: But once again --

4 MEMBER RYAN: -- to further clarify this,
5 we could add Category 1, 2 and 3 or other risk-
6 significant categories, as determined by the
7 Commission. That's what we're trying to get.

8 Again, all these apply is -- that global
9 statement says we're trying to not guess where that
10 line is going to be drawn, but where it is drawn, is
11 where this applies.

12 MR. KILLAR: Yes.

13 MS. ROUGHAN: Yes, okay.

14 MR. KILLAR: All right. Actually, my next
15 comment is on Recommendation 1A, which actually, you
16 have on the screen right now, the -- item number two
17 there, when you say the data contained in the plans
18 must conform to requirements included in license
19 guidance found in (NUREG)-1556.

20 (NUREG)-1556 is guidance, and so,
21 therefore, it is something that cannot be required.
22 Guidance is guidance. The licensee can provide
23 whatever they need, in order to provide the licensing
24 information. Guidance is only one way of doing that.

25 And so, what you're saying -- or at least

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1 the way we read this is, you're saying this now is not
2 guidance. This is a regulation that you have to meet
3 what's in 1556.

4 MEMBER NERUD: Well it says NUREG. I
5 thought that meant it was regulation.

6 MEMBER RYAN: No, no.

7 MR. KILLAR: No.

8 MEMBER RYAN: No, it doesn't.

9 MEMBER NERUD: Okay.

10 MEMBER RYAN: Just say 'conform to the' --
11 and then cut down to the guidance, and then just cut
12 down to the other guidance.

13 MR. KILLAR: Well, even there, see, the
14 plan must include the concepts -- or something along
15 that line, rather than say 'must conform'.

16 Because once again, you're saying conform,
17 to me, conform and requirements are very similar
18 words.

19 MEMBER RYAN: Well, you know, conform to
20 the guidance is really not a bad phrase. It's
21 guidance. You're conforming to the guidance. I mean,
22 otherwise, what's the purpose of having 1556?

23 MR. KILLAR: Well --

24 MEMBER RYAN: The applicant's plan shall
25 include, I mean, I've applied for a lot of licenses

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1 and I always figure out what the licensing guidance is
2 that I need to have.

3 MR. KILLAR: Well, you figure out what the
4 regulations tell you you have to have. The guidance
5 is a way of capturing that requirement. But if you
6 don't necessarily agree with the guidance, as long as
7 you capture those requirements, you can provide that
8 in another format or another way, versus what's in the
9 guidance.

10 MEMBER RYAN: And still have that ability
11 to.

12 CHAIR HILL: I think part of what we were
13 getting at with this, is that some applicants would go
14 and cut from guidance, we're going to do this, this,
15 this and this, and they commit to do these things.
16 The license would be issued, not that they had
17 implemented those things.

18 So, that was my -- rather, they just
19 tailored to the operation, rather than iteration of
20 requirements or guidance. I think that's where we
21 were coming from with this originally, wasn't it?

22 MR. KILLAR: Right, I understand what the
23 intent was, but from a licensee-standpoint, we're
24 always concerned, when we're saying, "Okay, you have
25 to meet the guidance." We're saying, "No, we don't

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1 have to meet the guidance. We have to meet the
2 regulation."

3 MS. ROUGHAN: Yes, I'd agree with Felix on
4 that. That's what we've always told our customers and
5 things, NUREG's are a guidance document, and you can
6 do alternative methods, as long as you meet the
7 regulation. You're not required to comply with the
8 guidance document.

9 MEMBER RYAN: Yes, but I mean, the
10 alternative methods also -- are part of the
11 regulation. You can show that. So, you'll always
12 have that option.

13 MR. LIETO: That's not what you're saying.

14 MS. ROUGHAN: Yes, the difficulty says is
15 that these plans must conform --

16 MEMBER RYAN: Well, I think we --

17 MS. ROUGHAN: -- to NUREG.

18 MEMBER RYAN: Right, we tried to edit to
19 say, "These plans should meet the essential objectives
20 found in."

21 MS. ROUGHAN: Yes.

22 MEMBER RYAN: Okay.

23 MR. KILLAR: Okay, also under item 1A
24 number four, I'm not sure if you've changed it since I
25 reviewed it.

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1 The -- conducting, certainly, the
2 background investigation of key personnel and
3 responsible members of management, Radiation Safety
4 Officers, what have you, personnel with unescorted
5 access, that's not a question what-so-ever. If you
6 have radioactive materials, you have to have a
7 background check under the existing regulations.

8 So, that's not an issue. But how do you
9 conduct an investigation of the company?

10 MEMBER NERUD: Right there, verification of
11 business licenses and registrations, tax number
12 verification, financial records that validate
13 legitimate business activities, reference checks,
14 credential verifications, customer reference checks.

15 MR. KILLAR: Okay, that would fine if you
16 would make that clear, that that's what you're
17 expecting for, a background investigation of a
18 company.

19 MEMBER RYAN: Yes, just put `noted in item
20 five', after company. That will clarify it. Or
21 better yet, you conducted -- why don't we just make
22 four about the key personnel, be conducted -- go up
23 and get rid of `of the company'. "Of its key
24 personnel" is what it should say. No, `of key
25 personnel', you're fine. That's fine.

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1 And just five should be a, "A review of
2 the companies."

3 MR. KILLAR: Yes, that actually gives me
4 heart break, as well, in that the --

5 MEMBER NERUD: The company's -- the
6 company?

7 MR. KILLAR: Well, the review of the
8 business plan. That is certainly not within NRC scope
9 and once again, you're moving into areas beyond NRC's
10 regulatory authority.

11 MEMBER RYAN: Well, maybe it's not business
12 plans. It's plans to use the material.

13 MR. KILLAR: Plans to use the material.

14 MEMBER RYAN: Okay. So, let's get rid of
15 business plans for activities, using -- and then cut
16 the next bunch of words down to 'the requested', keep
17 'the'.

18 The whole point of this list underneath
19 that now, it's really, those are the elements that we
20 kind of developed information, that had any of those
21 been checked, relative to the GAO-sting --

22 MR. KILLAR: Right.

23 MEMBER RYAN: -- that would have blown
24 away --

25 MR. KILLAR: Actually, a number of states

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1 do this already.

2 MEMBER RYAN: Do it now, but we're just
3 trying to make that explicit. So, I think that
4 addresses your issue --

5 MR. KILLAR: Right.

6 MEMBER RYAN: And I appreciate strategic
7 plans and financial plans and all that other
8 proprietary, so forth and so on.

9 MR. KILLAR: And under these items here,
10 it's a good list. We certainly support that list.
11 The only thing that would be helpful is that what was
12 the criteria for determining that this is acceptable,
13 you know, verification that they have a business and
14 registration?

15 Okay, they have one, tax don't have one,
16 financial records are valid for doing business
17 activities. Okay, how do you know --

18 MEMBER RYAN: Have they filed a tax return?

19 MR. KILLAR: So, somewhere along the line,
20 I think maybe a little more clarity as to what the
21 expectations are for looking at these records.

22 MEMBER RYAN: My hope would be that coming
23 out of this Panel's report would be little bit of that
24 detail and it would be a little bit more --

25 MR. KILLAR: Okay.

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1 MEMBER RYAN: I mean, I think it's kind of
2 beyond our scope to get into this forum in that
3 particular filing and so forth. I mean, there are
4 fairly standard business reports that go out from
5 every company and corporation.

6 MR. KILLAR: It's not the business reports.
7 What I'm saying is that the -- as the license
8 reviewer who is looking at this information, he has
9 this information and he says, "I've got the business
10 license. I've got the registration. I've got their
11 tax number, what have you," you know, how do I know
12 that it's acceptable, because this is the stuff I've
13 got?

14 MEMBER RYAN: And fair enough and I think
15 that's why we say additional information that could be
16 reviewed may include. This isn't a list we're saying,
17 "Thou shalt do this," or, "We're recommending this as
18 an absolute requirement."

19 MR. KILLAR: Right, when you say 'may
20 include', that's the --

21 MEMBER RYAN: May include, so -- but again,
22 the idea and the observation part of this is, you need
23 to do something besides just accept the notion that
24 they've applied for a license and they've identified
25 themselves on the application form as a legitimate

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1 business.

2 MR. KILLAR: Right. We support that.

3 MEMBER RYAN: Okay.

4 MR. KILLAR: Okay, Recommendation 1B.
5 Okay, let's see -- okay, the time period for your
6 first sentence there is that, how long does it take
7 for them to determine that they have a record or
8 credible performance?

9 MEMBER NERUD: As long as it takes.

10 MR. KILLAR: Yes, is that if they're in
11 business six months and they've done everything by the
12 book?

13 MEMBER RYAN: Here's a problem why that's
14 not readily apparent. Some licenses are granted,
15 they're not inspected for five years.

16 MR. KILLAR: Okay.

17 MEMBER RYAN: Some licenses are inspected
18 every three months. So, the record is not in time.
19 The record is in what's in the file.

20 MR. KILLAR: Once again, I think it's a
21 good recommendation. I have no problem with the
22 recommendation, but it's the implementation of some
23 type of criteria or what-have-you because right now,
24 it's very subjective and that's the issue. You take
25 some of that subjectiveness out --

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1 MEMBER NERUD: Yes, it is, it's subjective.

2 MEMBER RYAN: Again, I think we'd be trying
3 to jump to the -- you know, development of the
4 guidance, which is also a public process, if the
5 guidance is even developed off these recommendations.

6 It's hard to -- you know, in seven
7 meetings, get to that level of detail.

8 MR. KILLAR: He does an excellent job of
9 putting it together.

10 MEMBER RYAN: So, I don't know what we can
11 do to this, for the very reason that I told you. Some
12 licenses are granted and aren't inspected for years.
13 Some are inspected two months after they're granted,
14 you know, I mean, Tom, in your experience in the
15 agreement states for Category 1 and 2, they're
16 inspected, lots of times, before the material shows
17 up.

18 MR. KILLAR: Yes.

19 MEMBER RYAN: So, that record is really --
20 it's really hard to say when that record will be
21 created. But --

22 CHAIR HILL: I think it would be --

23 MEMBER RYAN: I really appreciate that
24 point.

25 CHAIR HILL: I think it would be different

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1 for different types of licenses.

2 MEMBER RYAN: Sure.

3 CHAIR HILL: You know, nearly everyone is
4 inspected within a year after the first -- after the
5 license is issued, and then thereafter, it may be
6 annually or two years or five years.

7 MR. KILLAR: Okay, going on to
8 recommendation number two, actually, a similar type
9 (interference).

10 MEMBER RYAN: I'm sorry, you're rattling on
11 your phone there and that sounds like lightening going
12 off on the speaker phone. Is somebody rustling paper
13 on the bridge line?

14 MS. ROUGHAN: Nope.

15 MEMBER RYAN: Okay.

16 MR. KILLAR: Okay, I am trying to find my
17 comment here, make sure I understand what it says.
18 Actually, it was very similar to what before, that we
19 certainly agree with these recommendations, but once
20 again, some type of acceptance criteria or some way of
21 saying, "We've achieved what they're trying to
22 accomplish."

23 MEMBER NERUD: On Recommendation 2?

24 MR. KILLAR: Right.

25 MEMBER NERUD: This is something the

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1 Commission has to do. This wouldn't be anything that
2 would be a requirement from a licensee. This is the
3 Commission reviewing their documentation to eliminate
4 essential elements of information that could be
5 exploited by an adversary, to get a license.

6 MR. KILLAR: Okay, the -- I guess what I
7 was trying to get at is that the -- certain amount of
8 information has to be there and there's value to
9 having it there.

10 I guess, what we talked about is the
11 taking and shifting all the information to determine
12 what's needed and what's not needed and stuff, but you
13 need to have sufficient information there to make sure
14 that the Commission is happy with what they have, the
15 licensee is happy, but you also have the public out
16 there.

17 MEMBER NERUD: Different requirements.
18 We're actually talking about the regulations and the
19 processes used to review and make decisions by
20 licensed reviewers and inspectors on processes, and
21 here's the -- the real foundation behind that, is when
22 GAO did what they did, they were capable of doing that
23 because they had all the information available.

24 They could anticipate and counter any move
25 made by NRC, with the exception of an onsite visit,

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1 because they knew exactly what the processes were and
2 what we're saying is, yes, all the information needs
3 to be out there for an applicant to produce a valid,
4 legitimate, complete business license.

5 MEMBER RYAN: Application for a license.

6 MEMBER NERUD: Application for a license.

7 MR. KILLAR: Right.

8 MEMBER NERUD: However, the processes used
9 by reviewers and inspectors and what they're going to
10 look for, some of those criteria don't need to be in
11 the public record, because those are internal
12 processes used by agreement states and the NRC to say,
13 "We're going to grant this license."

14 What we're doing is, we're creating -
15 we're effecting the behavior of a potential adversary.

16 If he doesn't know what's coming up in this process,
17 he gets a phone call and says, "We need to review
18 these records. I wasn't anticipating that. I'm going
19 to withdrawal my application," and that's what you're
20 doing is, you're creating a realm within this review
21 process, in which you can influence an adversary's
22 behavior, not just physically try and stop them from
23 obtaining a license.

24 So, we're not advocating and no where in
25 this recommendation does it say that we want to

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1 restrict information that is necessary to conduct
2 business.

3 What we're saying -- the same way you
4 didn't want business plans out there and strategic
5 business plans, well, we have review processes that
6 shouldn't be out there.

7 MEMBER RYAN: And I think the wording is
8 kind of getting at the fact -- to be examined to
9 determine if the release of the information provides
10 an advantage. If it doesn't provide an advantage,
11 fabulous. But --

12 MR. KILLAR: And that's -- probably, that's
13 -- that's what I was trying to get at, is some type of
14 criteria that says, okay, there's material that's
15 going to be out there, but it's got to be a certain
16 limit as to what's out there. It's got to be, as we
17 indicated, certainly enough for the applicant to fill
18 out the application.

19 But it goes beyond that. As you've
20 indicated, you've filed applications before. You look
21 at the NRC's guidance. You look at the review plans.
22 You look at the data format content guide and the SRP
23 and things along that line.

24 So, you have to take all of that, when you
25 put your license application together, so you have

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1 appreciation for what the expectations are for that
2 reviewer. And so, that is important information for
3 the licensee to have.

4 MEMBER RYAN: But that's a little different
5 though, and I appreciate everything you've said. I
6 want to know what's required of me to have a complete
7 application.

8 So, I need to know in my environmental
9 monitoring plan, my health physics plan, my security
10 plan, my ALARA plan, all those plans that I've got to
11 put together for a larger license that have to be in
12 place.

13 But what I think we're trying to get at
14 is, that GAO not only knew what was -- needed to be in
15 the license, but they knew it was going to be
16 reviewed.

17 MR. KILLAR: Right.

18 MEMBER RYAN: And they exploited that.

19 MR. KILLAR: Well, I disagree with you a
20 little bit on that, but that's beside the point. The
21 licensee also has to have -- know what the NRC's --
22 what they call acceptance criteria is --

23 MEMBER RYAN: Right.

24 MR. KILLAR: -- that's typically in the
25 review plans.

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1 MEMBER RYAN: That's not what we're talking
2 about.

3 MR. KILLAR: And the public has to
4 understand how the NRC has made this determine to
5 issue this license --

6 MEMBER RYAN: And that certainly could be
7 part of issuing the license, as it is now. Again, the
8 idea is, are there any vulnerabilities that inform an
9 adversary about how to exploit the licensing process?

10 Now, see, there's one thing here that
11 we've talked a lot about in the report, that's right
12 on point with this discussion. It's the presumption
13 of trust, presumption of good faith.

14 Every application I've applied for, I
15 always assume that I'm going to do what I say I'm
16 going to do and I'm a good guy and I really want to do
17 this work with these materials, for a good purpose.
18 That's out the window. That's been challenged by this
19 GAO sting.

20 So, if I'm not a good guy, is there
21 anything out there that can be exploited in the
22 guidance? That's really the point. It's not -- not
23 for the well -- you know, the well intention licensee
24 that has no malevolent purpose. All of it's fine, and
25 as you all know just as well as I do, that when you

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1 are developing a license, particularly a more robust
2 or complicated one, there's got to be meetings
3 between, you know, the licensing group --

4 MR. KILLAR: Right.

5 MEMBER RYAN: -- reviewers and the
6 applicants to deal with information and go over
7 details and all those kind of things. That's not what
8 this is about.

9 But you know, can somebody who wants to
10 get sealed source material -- and that's, you know,
11 the focus of this, gain enough information of how it's
12 going to be reviewed in detail and what the thought
13 process of the reviewer is, so we can exploit it.

14 But the part that comes in here that's
15 hard for -- it's a cultural shift, for the agency and
16 for applicants and everybody is, you know, for the new
17 applicant, do you trust that applicant?

18 MR. KILLAR: Right. I understand where
19 you're coming from and I -- what I was trying to get
20 at and I think you have captured it, as opposed to --
21 you know, your last statement there, to -- where does
22 that cut-off level -- that's why I was trying to
23 establish what the cut-off level was and you're
24 saying, you have to make a determination of what
25 information would be helpful for an adversary --

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1 MEMBER RYAN: And the answer may be,
2 everything that's out there doesn't pose any
3 significant risk.

4 MR. KILLAR: Right.

5 MEMBER RYAN: That may be the answer and
6 we're not saying that's a bad answer. But I think
7 because of the GAO's work, that exercise needs to be
8 done systematically, to make sure that's true or if
9 it's not true, that it might just be technically
10 corrected.

11 After 9/11, a lot of stuff that was public
12 information on the web came off, lots of stuff. So --
13 and lots of stuff that was developed after 9/11 is not
14 public. In perhaps, a much smaller way, that's the
15 same question we're raising here.

16 MR. KILLAR: Okay.

17 MEMBER RYAN: We're not trying to give the
18 answer. We're trying to raise the question.

19 MR. KILLAR: Okay, I think we're at the
20 same point, maybe it's just a way of getting there.

21 MEMBER RYAN: Okay.

22 MR. KILLAR: Moving over to Recommendation
23 3A, and the industry certainly supports the
24 recommendation that we certainly believe the NSTS and
25 the WBL be integrated. Our biggest concern is why

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1 hasn't it happened so far? We keep telling the staff,
2 "Get on with the job."

3 The other thing we're concerned about is
4 that the staff has got on the job without having a
5 whole lot of input from the industry. Well, they have
6 had some meetings with the industry. We were kind of
7 disappointed that they haven't had more meetings with
8 the industry to talk about how this things works
9 because it's going to be dependent upon the industry's
10 use of this to really meet the goal that they're
11 trying to accomplish with it and stuff.

12 MEMBER RYAN: As we've dealt with this
13 question and this particular aspect of our
14 recommendations, I think we agree completely with it.

15 We see that if it's a live transaction system -- you
16 might scroll down a bit, because there's some
17 information on -- that we --

18 MEMBER NERUD: That was up here?

19 MEMBER RYAN: Up there. We've added this
20 to further explain what we mean this ought to be. The
21 WBL and NSTS can work in a similar manner of banking
22 or credit card transactions. The licensee would have
23 an account with a valid --

24 MEMBER NERUD: You must have read my notes.

25 MEMBER RYAN: -- with authorized

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1 possession limits. The licensee would notify a vendor
2 of an intended purchase and would authorize the vendor
3 to log in to their license and valid that the
4 transaction comports with the license radionuclides
5 and limits.

6 All the vendor gets back is the same thing
7 the guy in the restaurant gets, your authorization
8 code for this charge is this number.

9 MEMBER NERUD: Yes.

10 MEMBER RYAN: Put it on the shipping
11 paperwork, ship it to the licensee. The licensee logs
12 in and says 'material receive', bang, it's now on
13 their -- their possessed materials, comes off of their
14 available load, and we just think that -- this kind of
15 a process live, integrating source tracking and
16 licensing, answers about -- I won't say what
17 percentage, but a very large portion of what the risks
18 were identified with the GAO.

19 MEMBER NERUD: Yes.

20 MS. ROUGHAN: What we just talked about, is
21 that in addition to the -- what would have been on the
22 initial report, because I don't see that on there?

23 MEMBER RYAN: Yes, that's correct. We've
24 actually been working on the report since it was
25 initially released as a draft, based on other

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1 comments. So, we're working through that. We added
2 this, I think, yesterday.

3 MS. ROUGHAN: Okay, I guess I -- one of my
4 key recommendations is that I strongly support what
5 Felix said. We were involved, about a year and a half
6 ago, in terms of the initial national source tracking
7 database by Lockheed Martin, our company and several
8 other facilities, and I'll be honest, we found it --
9 what they were proposing, unworkable and since that
10 point, there has been no involvement with industry, as
11 to what's going to work, in terms of this tracking
12 database and the web-based licensing.

13 And it's crucial to get that involvement
14 and input, otherwise, what the database has come up
15 with may be unworkable, so you don't have an effective
16 rule at that point.

17 MEMBER RYAN: We agree with you. We
18 actually had probably one of our lengthier discussions
19 with the staff, dealing with both parts of this and
20 came to the conclusion that because it's being
21 organized in two separate pieces and that the tracking
22 system wasn't intended to be live and the licensing
23 yet, is still under development, our basic thinking
24 is, combine them, have an integrated design, look at
25 it as a system, make it fly, make it current and you

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1 know, then it serves everybody's needs.

2 Now, the other part that's in our text,
3 which you may have read already, of course, is the
4 action is not at the NRC for these kinds of licenses.

5 It's in the agreement states.

6 So, and soon with -- I guess it's, let's
7 see, Pennsylvania and New Jersey, becoming agreement
8 states, that -- you know, the NRC portion shrinks ever
9 more, more substantially.

10 MS. ROUGHAN: Yes, definitely.

11 MEMBER RYAN: You know, we're saying that
12 the NRC should develop this and make it available to
13 agreement states, as part of the agreement state
14 program effort, so that everybody is on the same page
15 of transferring materials, buying materials, you know,
16 and on the back end, when you make a waste disposal,
17 that comes off your inventory, just -- and it's live.

18 So, that if a regulator wants to, you
19 know, look at a license or a source manufacturer wants
20 to get authorization to ship a source, you know, it
21 can be done with confidence that the information is up
22 to date, accurate and current. We agree with you 100
23 percent.

24 MS. ROUGHAN: Okay, yes, and I'd like the
25 comment of the agreement states, that they have to be

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1 an integral part of this also.

2 MEMBER RYAN: Well, they -- they're
3 actually the dog wagging the tail, when it comes to
4 the number of license transactions that occur.

5 MR. KILLAR: Our thoughts were very much
6 along those same lines. What we thought about is a --
7 every licensee has a license identification number,
8 either --

9 MEMBER RYAN: Well, and this little
10 discussion of it, how it ought to work and the steps,
11 we've added, really to tell the Commission, here's a
12 vision of how it could work and these are the goals of
13 what it ought to be.

14 MR. KILLAR: Right.

15 MEMBER RYAN: Now, I know there's always,
16 you know, what department is going to do it and where
17 the budget is and whether it's multi-year and all
18 those kind of serious and important questions. But to
19 us, in examining -- responding to the GAO's report,
20 this answers a huge part of the mail.

21 MR. KILLAR: Yes. The other aspect of it
22 that concerns us is two-fold and one is from an
23 adversarial point, and what you're suggesting here and
24 what we were going to suggest along the same lines
25 take care of that, is that if you have this database,

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1 it is fantastic database for the adversary, because
2 you could say, "Okay, I could go find out who got what
3 license and quantities and how much they actually have
4 in site," because, you know, I may have somebody's
5 license over here, but they have nothing on site.

6 But if I can find out how much they
7 actually have on site, then I know who to go after.

8 MEMBER RYAN: And of course, the idea for
9 the vendor is, it's going to be just like your
10 restaurant charge.

11 MR. KILLAR: Yes.

12 MEMBER RYAN: He puts in, here's the amount
13 they want. He doesn't find out if they've got a
14 credit limit of \$100 or \$100,000.

15 MR. KILLAR: Right.

16 MEMBER RYAN: He gets, okay or no.

17 MR. KILLAR: Exactly.

18 MEMBER RYAN: Done. So, the security
19 aspects of that, obviously are critical and that's the
20 one where you can look at your license and the
21 regulator can look at your license. Nobody else gets
22 to look at your license.

23 MR. KILLAR: Exactly, and that was the
24 other aspect of it -- well, there's two aspects of it.
25 One, is that if your shipment forces -- or

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1 potentially could have that go over its possession
2 limit, your shipment is denied.

3 MEMBER RYAN: That's right. If he doesn't
4 have the head room in his license for his possessed
5 quantity versus what he's ordering, the vendor gets a
6 `no'. It's not authorized.

7 MR. KILLAR: The other concern we had with
8 the -- this database -- and I think, you know, your
9 point captures it as well, is the point you just made
10 and makes it very well, is that from a competitor's
11 basis, we sure don't want our --

12 MEMBER RYAN: Exactly.

13 MR. KILLAR: -- guys doing the same thing,
14 you know, how much we can manufacture --

15 MEMBER RYAN: The key step is the licensee
16 would notify a vendor of an intended purchase and
17 would authorize the vendor to log into the license and
18 validate that the transaction comports with licensed
19 radionuclides and limits.

20 MR. KILLAR: Right.

21 MEMBER RYAN: So, he's going to get a `yes'
22 or a `no'. You can ship it or you can't. He doesn't
23 get any other details. It's just in or out.

24 MR. KILLAR: Very good, excellent.

25 MS. ROUGHAN: Then the vendor gets a call

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1 from the customer. Yes, I'm not sure what the --
2 what's the answer after that then? The customer has
3 to contact the regulator if they want to change or if
4 there's something --

5 MEMBER RYAN: Well, you know, either that
6 or they've disposed some waste and it hasn't been, you
7 know, formally docketed to their license or whatever
8 it is and they haven't done that, you know, end, but
9 the idea is, it's going to have to be current, and I
10 think that's fine.

11 If, you know -- I mean, the other thing I
12 think it helps is maybe perhaps, a collateral benefit,
13 is it gets away from the idea of accumulation. If
14 people don't need the material, get it off your
15 license. Dispose it or get rid of it or -- but if you
16 have a lot of stuff that you're not using and you only
17 have a little bit of head room in your license, you're
18 not going to be able to get more stuff.

19 Another one of our recommendations
20 somewhere in this is, you know, that every effort
21 should be made to -- you know, to the extent
22 practical, do away with licenses that have no upper
23 limit.

24 MR. KILLAR: Yes.

25 MS. ROUGHAN: Yes, I agree with that.

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1 CHAIR HILL: Observation eight, I believe.

2 MEMBER RYAN: Anyway, I'm getting off track
3 now.

4 MR. KILLAR: That's fine.

5 MEMBER RYAN: But I'm glad we're in
6 enthusiastic agreement on this one.

7 MR. KILLAR: Yes, enthusiastic agreement.

8 MS. ROUGHAN: I just have a comment. I'm
9 just -- on Recommendation 3A, that may have changed
10 over the last few days, but there's something about
11 the interim recommendations by the working group for
12 license verification.

13 They came out with some, I think four or
14 five recommendations of what the vendors should do to
15 verify the authenticity of a license and the NSCCR
16 commented back to them and basically, most of those
17 recommendations were going to be unworkable.

18 I'm not sure if anything has been done to
19 re-look at those recommendations, to see what would be
20 effective.

21 MEMBER RYAN: I'm not sure we know exactly
22 where you are in the report.

23 MS. ROUGHAN: In my draft, just prior to
24 Recommendation 3A.

25 MEMBER RYAN: Right.

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1 MS. ROUGHAN: There's a paragraph that
2 starts, "The Panel charter requires the Panel to
3 document other options that were considered."

4 MEMBER RYAN: Yes.

5 MS. ROUGHAN: Further down, you mention the
6 Materials Program Working Group, in terms of license
7 verification.

8 Well, they had -- again, we had seen in a
9 draft, a draft list of those recommendations and
10 commented back that all except one were going to be
11 unworkable. It would basically require pretty much,
12 every customer order to be -- we would have to call
13 the regulatory authority, either NRC or the agreement
14 state, and get an okay to ship, even though it was
15 well within the bounds of their license.

16 MR. MCCRAW: The Materials Program Working
17 Group has whittled it down to two criteria for
18 verification.

19 MS. ROUGHAN: Okay.

20 MR. MCCRAW: And it's -- if it's an unknown
21 transferee --

22 MS. ROUGHAN: Yes, that's fine.

23 MR. MCCRAW: -- and if the delivery
24 location changes. Now, that's not going to include
25 temporary job sites and certain field offices.

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1 MS. ROUGHAN: Right, okay.

2 MR. MCCRAW: But obviously, if it's --
3 they're asking to ship it to a location we've never
4 seen before, there's going to be a red flag raised.
5 Now, keep in mind --

6 MS. ROUGHAN: Yes, those vendors would not
7 ship if it wasn't on the license, but no, okay, that's
8 workable.

9 MR. MCCRAW: But keep in mind that that's
10 still being worked on and is subject to change. But
11 they're recommending that the licensee develop a
12 procedure that may address some of the other elements,
13 like all of the sudden, the type, quantity and form of
14 the material change.

15 MS. ROUGHAN: Right, yes, but that's fairly
16 common for oil well logging, gauging and industrial
17 radiography, a customer could order 100 curie source
18 one day and 50 curie source the next day and both of
19 them are legitimate by the license.

20 MR. MCCRAW: Right.

21 MS. ROUGHAN: That would require it. Right
22 now, the recommendations require that that would be
23 authenticated by the regulatory authority.

24 MR. MCCRAW: Yes, and mostly what they were
25 trying to capture is those people that were using

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1 micro-curie quantities, all of the sudden are jumping
2 up to hundreds or thousands of curie quantities.

3 MS. ROUGHAN: Yes.

4 MR. MCCRAW: But to try to put that on a
5 piece of paper and you know, explaining it without
6 including everyone else, is pretty difficult, and so,
7 now it's just going to be guidance. If you see
8 something suspicious, flag it.

9 MS. ROUGHAN: Which is what -- what's
10 already in place, okay?

11 MR. MCCRAW: Right.

12 MEMBER RYAN: And again, I think we believe
13 that the -- you know, a live source tracking system
14 and licensing system solves all of these issues.

15 MS. ROUGHAN: I'd fully agree with you and
16 that's been our recommendation all along. The sooner
17 we get the source tracking database in place and
18 working, most of these problems go away.

19 MEMBER NERUD: How many transactions are
20 you talking about in a year?

21 MS. ROUGHAN: Oh, just from my company
22 alone, six or seven-thousand.

23 MEMBER NERUD: Okay.

24 MS. ROUGHAN: That's a lot of license
25 reviews and phone calls to make the regulatory

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1 authority, if we had to do that.

2 MEMBER NERUD: Sure. How many in say,
3 Category 3 and above?

4 MS. ROUGHAN: That would be that number,
5 actually.

6 MEMBER NERUD: That would be that number?

7 MS. ROUGHAN: Yes, we have some micro-curie
8 shipments and most of them are Category 1 -- excuse
9 me, Category 2 or 3 shipments.

10 MEMBER NERUD: Okay.

11 MEMBER RYAN: What's next?

12 MR. KILLAR: Recommendation number four,
13 you used the word 'prescriptive' in there. The
14 licensees don't like prescriptive. It's been taken
15 out?

16 MEMBER NERUD: We changed it.

17 MR. KILLAR: Good job, all right.

18 MEMBER RYAN: Yes, it now says 'detailed'.
19 We got the 'prescriptive' magic word -- the comment
20 was previously, a good comment.

21 MR. KILLAR: Recommendation number five --

22 MEMBER RYAN: And by the way, we really did
23 mean detailed, rather than prescriptive and thou
24 shalt. It's -- well, some of it is -- I think
25 detailed is okay.

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1 MS. ROUGHAN: Is that what it says now,
2 detailed instead of prescriptive?

3 MEMBER RYAN: Yes.

4 MS. ROUGHAN: Okay.

5 MEMBER RYAN: We've come to a consensus.

6 MR. KILLAR: On recommendation number five,
7 if the --

8 MR. LIETO: Can I make a --

9 MR. KILLAR: Go ahead, yes.

10 MR. LIETO: In your --

11 MEMBER RYAN: I'm sorry, sir, would you
12 tell us who you are?

13 MR. LIETO: -- recommendations under --
14 excuse me, recommendation four --

15 MEMBER RYAN: Sir, help us out and just
16 tell us your name again, for the record.

17 MR. LIETO: I'm sorry, Ralph Lieto. I'm a
18 medical licensee.

19 MEMBER RYAN: Good morning, Ralph.

20 MR. LIETO: Good morning. You indicate
21 that HDR's are Category 1 and 2.

22 MEMBER RYAN: We fixed that.

23 MR. KILLAR: We fixed that.

24 MR. LIETO: Okay.

25 MEMBER RYAN: Thank you. That sentence

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1 that says that is gone.

2 MS. ROUGHAN: Oh, good, okay.

3 MEMBER RYAN: Yes.

4 MR. KILLAR: Okay, to move on to
5 recommendation number five. We certainly support the
6 concept of what you're trying to do here. What
7 concerns us though is when you talk about -- talking
8 about -- talk about the current tactics, current
9 threat information, things on that line, indicates
10 that you're giving specific training that's valuable
11 today, but next month, it may not be, because what's
12 happened now is that we have new passage, we have
13 threats.

14 MEMBER RYAN: Yes.

15 MR. KILLAR: And so, what we want to try
16 and capture, at least from our perspective, is that
17 what you want to do is capture more of the concept of
18 security awareness and what you want to look at, when
19 you're looking at license application for security
20 awareness, very much like you did in your -- I guess
21 you could call it your preface to the paper, where you
22 talked about the three categories and things along
23 that line.

24 So, it's -- you know, we certainly support
25 this, but it's -- when you start talking about the

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1 specific current, you have to worry about getting it
2 dated, and so, what you're trying to do is learn the
3 concept of security versus the actual --

4 MEMBER NERUD: And yes, you're exactly
5 right, but we do also mean current tactics, techniques
6 and procedures and adapting the processes to those
7 current tactics, techniques and procedures, and you're
8 exactly right, a license review submitted one month --
9 and there may be threat information the next month and
10 the license gets reviewed in a completely different
11 manner.

12 And the best example for this is getting
13 on an airplane. You used to not have to -- after
14 9/11, you get on the airplane, just went through
15 increased security. Richard Reed got on an airplane
16 with a bomb in his shoe. Now, you have to take your
17 shoes off and that started the next hour after he was
18 caught.

19 You had the London bombers who were trying
20 to take the chemical explosives aboard. Within 20
21 minutes, chemicals -- or liquids were no longer
22 allowed on airplanes. You have to adjust your
23 procedures to their -- to an adversary's tactics and
24 techniques, and if you don't and you understand that
25 there's a threat and the threat is operating in this

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1 particular manner, and you don't adapt to that, well,
2 bad things happened at that point.

3 MEMBER RYAN: Again, I think that the idea
4 that the tools could include is really -- just to give
5 some insight, as to what we're --

6 MR. KILLAR: The point that I was trying to
7 make is that I agree whole-heartedly with what you're
8 saying, but from a reviewer's perspective --

9 MEMBER RYAN: You should have corrected --

10 MR. KILLAR: From a reviewer's perspective,
11 he may not recognize that the application has a
12 different threat in it, because he's looking at the
13 current threat. And so, what he has to be made aware
14 of is to look at what threats could be out there
15 versus what may be the current threat.

16 MEMBER NERUD: And that's part of -- you
17 have a threat awareness program --

18 MR. KILLAR: Right.

19 MEMBER NERUD: -- that hears all the
20 threats; here is the threat information, increased
21 emphasis on the security aspect of the risk-informed
22 decision making, okay. So, you're evaluating all the
23 threats, not just what they're doing today, but what
24 they've done for --

25 MR. KILLAR: Okay.

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1 MEMBER RYAN: I think we've tried to
2 capture the idea at the very end here, that it is an
3 ongoing support for continued use of whatever system
4 is developed. It's not -- it's got to be dynamic.
5 It's not going to be --

6 MR. KILLAR: Right.

7 MEMBER RYAN: -- here's the package that
8 you ought to --

9 MR. KILLAR: The point I was trying to make
10 is that you also have to include your way of getting
11 that message to reviewers, because this almost sounds
12 like it's a one-time shot.

13 MEMBER NERUD: No, we're -- and the
14 intention here was that this be a formal threat
15 awareness program.

16 MS. ROUGHAN: Now, are you -- I think it
17 would be useful to include the licensees in some type
18 of training because this is a new concept to licensees
19 also, and they need to learn how to view the threats
20 environment and how they need to respond.

21 Is there any thought to rolling out the
22 training to the licensees during workshops and things
23 like that?

24 MEMBER NERUD: That's a really good idea.

25 MS. ROUGHAN: I know when we're trying to

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1 deal with all these security things, we think -- we
2 make up these crazy plans in our head of what we think
3 the terrorist is going to do, but we really have no
4 idea. So, what are we protecting against? We're not
5 sure, and I think it would be beneficial if the
6 licensees got similar training, maybe not everything,
7 but at least what should we be looking for in our
8 programs, in terms of beefing up our security programs
9 and things?

10 MEMBER RYAN: If you'll accept the idea, we
11 can put a place-marker right here at the end, for
12 continued use of the system. We probably ought to add
13 a sentence or two that says, "We recognize that the
14 content is dynamic over time. It's not static."
15 That's one very important point.

16 And the other idea is that, you know, the
17 security awareness and security issues along these
18 lines ought to be, you know, somehow communicated to
19 or shared with licensees as appropriate or as
20 necessary, to help them meet their obligations,
21 something like that.

22 MS. ROUGHAN: Yes, I think that'd be very
23 useful.

24 MEMBER RYAN: Okay. So, we'll just put a
25 place-marker right there, at the end of this line and

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1 we'll noodle up a good sentence here and -- to address
2 that, maybe not right now.

3 MEMBER NERUD: I have no idea of what
4 happened.

5 MEMBER RYAN: Okay, just put a new sentence
6 here. There you go. Next comment?

7 MR. KILLAR: Okay, on recommendation number
8 six, we're a little concerned when you're saying that
9 the security program must be equal with the radiation
10 health and safety program. They need to be in
11 balance, based on the risk, and so --

12 MEMBER RYAN: Where does it say 'equal'?

13 MR. KILLAR: In the second line, "Security
14 should be" --

15 MEMBER NERUD: Security should be elevated
16 to be equal with --

17 MR. KILLAR: -- equal with health safety
18 and environment.

19 MEMBER NERUD: -- health safety and
20 environment.

21 CHAIR HILL: It's a fourth leg to that
22 chair.

23 MEMBER NERUD: Why is that a concern? I'm
24 not following that.

25 MR. KILLAR: In that, security may actually

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1 be -- for certain things, like say sodium chloride or
2 one of those, you know, you may be more worried about
3 the security risks than you are from the health and
4 safety aspect --

5 MEMBER RYAN: Cesium chloride, you mean?

6 MR. KILLAR: Cesium chloride, excuse me,
7 cesium chloride, yes, sorry. So, it may actually be
8 more of a security risk than a health and safety risk,
9 because you've got it very well contained.

10 On the other side of the coin, you may
11 have something that's -- you know, you've got a really
12 got a range in the health and safety environmental
13 risk, but it's not that big of a security risk.

14 So, trying to equate them as equal, I
15 think, you may be --

16 MEMBER RYAN: Well, there's two parts to
17 equal here. Equal treatment means you're going to
18 address security in a risk-informed serious way, in
19 the same way that you do health physics, environmental
20 protection --

21 MR. KILLAR: Okay.

22 MEMBER RYAN: -- and so forth.

23 MR. KILLAR: Okay, if you -- that
24 interpretation, I have no problems with that.

25 MEMBER RYAN: That's what we intended.

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1 MR. KILLAR: Okay.

2 MEMBER RYAN: You know, basically, we're
3 talking about health safety environment is the three-
4 legged stool we've heard about for 40 years. Well,
5 now it's a chair. It's got a fourth leg and we have
6 to deal with -- and as you say, sometimes health and
7 safety issues are very straight forward.

8 MR. KILLAR: Yes.

9 MEMBER RYAN: Sometimes the environmental
10 release issues are five minutes. There are no issues
11 because of the way the materials are used and it's a
12 sealed source or you know, we leak-test it twice a
13 year and if we're good there, we're done. We don't
14 have to take soil samples and water samples because
15 it's -- the source is in tact.

16 So, I think what we're trying to do is
17 just say that serious consideration should be equal,
18 but I think we tried to say that to be equal with
19 health safety environment -- in driving the license
20 applications in a risk-conformed fashion. How about
21 for each of these areas, risk-informed fashion for
22 each of these areas? That might further clarify what
23 we're saying.

24 MR. KILLAR: Okay.

25 MEMBER RYAN: I think we agree.

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1 MR. KILLAR: Okay, the last one I have is
2 on recommendation number seven, and it's more of a
3 comment than a suggestion, is that what this was
4 implying is that you're looking at an import/export
5 license, very similar to a fixed facility license.
6 Import/export licenses operate considerably different
7 than fixed facility licenses and that we have people
8 who have import or export licenses that have no
9 facilities in this country. They have no facilities
10 for a radioactive material.

11 They ship it in and delivery to someone or
12 they ship it out and delivery it to someone, but they
13 have no fixed facility for doing inspections of things
14 on that line.

15 So, you have to understand that when you
16 look at import/export licenses, how you're going to
17 apply this is going to be different than if you're
18 looking at a fixed facility.

19 MEMBER RYAN: We had a real long discussion
20 with the import/export licensing staff yesterday and
21 really modified these two sentences.

22 MR. KILLAR: Okay.

23 MEMBER RYAN: You might want to just take a
24 minute and read those, because we've really tried to
25 reflect some of those points you're making.

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1 MR. KILLAR: Okay.

2 MEMBER RYAN: The Panel recommends that
3 staff verify that import/export licensees provide a
4 valid -- provide a valid and current license to which
5 the materials will be importing and meets the
6 objective outlined in recommendation one.

7 So, it's going to a valid license that now
8 meets one. For first time applicants, for
9 import/export licenses, the Panel recommends that more
10 detailed assessments be made for the -- than for
11 licensees with established records and satisfactory
12 performance, prior to authorization.

13 That seemed to, you know, get across the
14 idea that -- and the staff -- the NRC staff here were
15 concerned, well, does that mean we have to do all
16 these investigations? No, not at all. The idea is
17 that if you determine that, you can determine that by
18 talking to an agreement state licensing authority for
19 the destination license. If they inspected them and
20 there's a record of performance, you can rely on that
21 evaluation. You don't have to go do your own thing
22 over again. That was the whole point, or you don't
23 have to go to a regional office and do it again, if
24 it's an NRC license.

25 MS. ROUGHAN: But if you're -- the vendor

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1 is shipping outside the U.S., what's the
2 recommendation? For example, we have an import/export
3 license that you can ship Category 2 and those take
4 place, we could probably do five or six a day,
5 basically, and we're required to have a license for
6 the customer in whatever the destination country is.

7 Typically, those aren't in English. I'm
8 not sure if those would be inputted into this National
9 Source Track database or the web-based licensing.

10 MEMBER RYAN: Well, how does -- how are
11 they -- how is the destination licensee identified now
12 or determined now to be a credible licensee?

13 MS. ROUGHAN: We actually do a background
14 to make sure it's a legitimate business, discuss with
15 our distributors, contact the regulatory authority,
16 all those types of things.

17 MEMBER RYAN: So, you create the record
18 that we're talking about. So, as long as there's a
19 record created and it's shared with the import/export
20 licensing authorities here, and the regulatory
21 authorities on the receiving end are plugged in, that
22 seems fine.

23 MS. ROUGHAN: Is the intent to -- I'm not
24 sure if you know this, but would input the export
25 licenses -- or the individual country licenses into

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1 the web-based licensing system?

2 MEMBER NERUD: No.

3 MS. ROUGHAN: Okay, because they all have
4 the -- different formats.

5 MEMBER NERUD: But the sources -- but the
6 material that you're shipping would be included in
7 that, because you're removing it from your inventory.

8 MS. ROUGHAN: Right, we would put -- we
9 would input that we shipped it to whatever the
10 destination is.

11 MEMBER RYAN: Right, and the fact that it's
12 a license outside the U.S. means they're out of the
13 system. But if they ship back to you, using an
14 import/export license, or you, you know, receive
15 material from them, then it would go back in.

16 MR. KILLAR: The other thing that we had a
17 thought about, but we don't have an answer to -- and
18 maybe, Kate, maybe you can answer that, one of the
19 questions was, what impact does this have on trans
20 shipments, if any?

21 MEMBER RYAN: We didn't address it at all.

22 MS. ROUGHAN: Yes, I don't think it's
23 covered.

24 MEMBER RYAN: We didn't discuss it with
25 anybody. So, we're --

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1 MS. ROUGHAN: Yes.

2 MR. KILLAR: That is all.

3 MEMBER RYAN: Thank you. That was great,
4 great comments. It's helpful to wrestle through them.
5 I enjoy it.

6 CHAIR HILL: Kate, did we address all of
7 your --

8 MS. ROUGHAN: I think so, yes. Obviously,
9 we'd like to stay involved with the process, because
10 it has a huge impact on how it gets implemented and
11 things. But --

12 CHAIR HILL: Ralph, did it get your issues?

13 (No audible response)

14 MR. KILLAR: I guess he's gone.

15 CHAIR HILL: I guess he's gone.

16 MEMBER RYAN: Ralph, are you there?

17 MR. LIETO: Yes, I'm here.

18 MEMBER RYAN: Okay.

19 MR. LIETO: Just having a little bit of a
20 tough time hearing, that's all.

21 MEMBER RYAN: Okay, did we address your
22 questions and comments?

23 MR. LIETO: Regarding recommendation seven?

24 MEMBER RYAN: No, on anything. Do you have
25 any other comments you wish to make?

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1 MR. LIETO: Well, I had a question
2 regarding recommendation eight.

3 MEMBER RYAN: Okay.

4 MR. KILLAR: Okay.

5 MR. LIETO: I'm not sure if I quite
6 understand -- or I mean, if it's clear to me that this
7 would -- what you're saying is that you don't want
8 this -- or that you're recommending this not be
9 applied to -- the recommendation of the Panel not be
10 applied to these levels that support 100 and 200
11 licensees in Part 35.

12 MEMBER RYAN: Let me read you the last
13 sentence as it reads now.

14 MR. LIETO: Okay.

15 MEMBER RYAN: "The Panel realizes that
16 unsealed, short-lived radioactive materials are used
17 in nuclear medicine (10 CFR Part 35.100, 35.200 and
18 35.300). The Panel does not intend this
19 recommendation to apply to those materials."

20 MR. LIETO: Okay. I had one other
21 question, and that was actually, on recommendation 3B.

22 I thought when we were discussing it, we were still
23 on 3B. But on 3B, all transfers, as they apply to
24 Category 3 sources, the Category 3 sources, are these
25 going to be defined only for the radionuclides that

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1 are currently listed in the radionuclides of concern
2 or would it revert to the IAEA designation?

3 MEMBER RYAN: Well, the parenthetical phase
4 is Category 1, 2 or 3 or as otherwise determined by
5 the Commission. What we're wrestling here with,
6 Ralph, is that the staff is working on trying to
7 figure out the question of accumulation and they're
8 looking at three, they're looking at ten times less
9 than three, ten times higher than four and that's not
10 been settled yet.

11 So, we're trying not to guess that line of
12 risk significant sources.

13 MR. LIETO: Okay.

14 MEMBER RYAN: So, we're trying to leave
15 that, so that when that's determined by the
16 Commission, that's -- we would intend our
17 recommendations to apply, whatever is in the risk-
18 significant side.

19 MR. LIETO: Okay.

20 MS. ROUGHAN: Okay, I had a question on
21 that. It says recommend that licenses be confirmed
22 for all transfers. What do you mean, be confirmed? I
23 mean, right now, vendors will check the customer's
24 license, you know, the paper copy of the license, to
25 assure that they're authorized to receive. Is that

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1 what the intent is here? Does this mean a call to the
2 regulatory authority?

3 MEMBER NERUD: A call to the regulatory
4 authority.

5 MS. ROUGHAN: Okay, that's not going to
6 work.

7 MR. MCCRAW: Well, you've got to follow it
8 to the next sentence --

9 MEMBER NERUD: Sure, it would.

10 MR. MCCRAW: -- where it talks about the
11 Panel recognizes that there are cases where there may
12 be frequent transfers of radioactive materials between
13 parties, where there is a credible performance. This
14 is -- to be consistent with what the Materials Program
15 Working Group is doing as well.

16 MS. ROUGHAN: Well, it doesn't give you any
17 guidance, as to when you need to get that regulatory
18 authority confirmation.

19 MEMBER RYAN: Well, we're a little bit
20 stuck with -- again, as I said, this is dynamic on the
21 other end of what the staff is doing. It's hard to be
22 real concrete and specific here, because that's an
23 ongoing exercise.

24 MS. ROUGHAN: So, the intent is to take the
25 Working Group recommendations and that would be when

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1 you have to confirm?

2 MEMBER RYAN: Well, my -- I think our major
3 intent, which is our -- probably most important
4 recommendation from the Panel's perspective, if we
5 have a live web-based tracking -- source tracking
6 system with a web-based licensing, all this goes away.

7 MS. ROUGHAN: Right, but this
8 recommendation in the interim?

9 MEMBER RYAN: Right.

10 MEMBER NERUD: Right.

11 MS. ROUGHAN: So, again, I guess the
12 question is, depending on what the Working Group comes
13 up with, it sounds like -- you said they narrow it
14 down to two criteria. If those are the only two
15 criteria where you need the regulatory authority
16 approval, then that's probably workable.

17 MEMBER RYAN: You know, and again, the
18 frequent transfer kind of issue is one where -- and I
19 think this is where you're involved, you know, radio-
20 pharmaceutical stuff that's moving --

21 MS. ROUGHAN: Right.

22 MEMBER RYAN: -- particularly back and
23 forth from, I guess, it's AECL, right, makes a lot of
24 moly-generators and so forth, and that's fairly
25 routine stuff, with a very well experienced and well

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1 known vendor.

2 So, we're certainly not trying to create
3 paperwork where those circumstances of confidence in
4 the security aspects exist, where health safety
5 environment and security aspects exist.

6 MS. ROUGHAN: It's just, it makes me
7 nervous where it says, "Must be confirmed for all
8 transfers going down to Category 1, 2 and 3." That is
9 a huge amount of work for both the vendors and the
10 regulatory authorities that would have to give the
11 approval.

12 As I said, we, as one company, do six or
13 seven-thousand transactions a year in those
14 categories.

15 MEMBER NERUD: Yes, it is and --

16 MEMBER RYAN: Well, I think the idea is,
17 we're trying to capture whatever is determined to be
18 risk-significant by the Commission. You know, if they
19 determine that moly-generators are not risk-
20 significant for whatever reason, so be it.

21 But it's hard for us to, you know,
22 recommend specific detailed exemptions or other things
23 at this point. I hope you appreciate that it's hard
24 for us to do that.

25 MS. ROUGHAN: Yes, I'm just --

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1 MEMBER RYAN: But we do mean that there is
2 a rigor that has to be in place for risk-significant
3 sources and we think this is important.

4 MR. KILLAR: Well, I think the point that
5 Kate is trying to make and Aaron tried to address is
6 that the ability that if you have a number of
7 shipments to the same company you've been selling to
8 for the last three years, about the same quantities,
9 you don't have to confirm.

10 MEMBER RYAN: And that's what the second
11 sentence is all about.

12 MR. KILLAR: Right.

13 MEMBER RYAN: This may require an exception
14 to this recommendation. So, we try and recognize
15 where there's a long standing credible record of
16 daily, you know, transfers of material, okay, we're
17 done.

18 MR. KILLAR: Yes, the only issue we have is
19 that in working with the NRC, they don't like
20 exceptions. All means all.

21 MS. ROUGHAN: Yes, the word 'all' scares
22 me.

23 MEMBER NERUD: That's what I wanted, all,
24 period.

25 MEMBER RYAN: Well, when you read it

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1 without `all', it doesn't change it much, what
2 transfers as a radioactive general risk-significant
3 categories is determined by the Commission.

4 MS. ROUGHAN: Well, it's also not clear
5 when you're saying `be confirmed'. It doesn't imply
6 that you need the regulatory approval. I mean, I
7 confirm a licensee -- a licensee is authorized by
8 looking at their license. I've confirmed that
9 transaction. It doesn't -- this doesn't tell me I
10 have to go to regulatory authority.

11 MEMBER NERUD: And how do you confirm that
12 the license hasn't been modified?

13 MS. ROUGHAN: We don't. I mean, we get a
14 piece of paper from the customer. Typically, most of
15 our customers are repeat customers. If it's a new
16 customer, we do a verification that they're legitimate
17 and that's what we do.

18 MEMBER NERUD: How do you validate that the
19 license isn't counterfeit?

20 MEMBER RYAN: Well, the simple answer is,
21 you can't with the current system.

22 MEMBER NERUD: Well, actually --

23 MS. ROUGHAN: I don't have an answer to
24 that, because we can't.

25 MR. KILLAR: As of right now, the

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1 requirements for the Category 1 and 2 sources, you do
2 have to up and go to the licensing authority --

3 MS. ROUGHAN: Right.

4 MR. KILLAR: -- to verify that license.

5 MEMBER RYAN: Yes, that's the one and
6 two's.

7 MS. ROUGHAN: Exactly.

8 MR. KILLAR: Right.

9 MS. ROUGHAN: Yes, one and two.

10 MR. KILLAR: And actually, a lot of the
11 industry, once the GAO thing occurred, went to
12 Category 3, voluntarily doing this as well. So, they
13 are going back to the regulator who issued the
14 license, to validate the license.

15 Now, that has not occurred for below
16 Category 3. That's only doing it on a voluntary basis
17 and it's being done, but not necessarily everybody
18 across the board is doing it.

19 MEMBER RYAN: Well, that's the neighborhood
20 that's been created by the GAO's report. I don't know
21 that we can get around that. Again, you know, we
22 really believe that a live system, that's electronic,
23 solves this issue too.

24 MR. KILLAR: Yes.

25 MS. ROUGHAN: Agreed.

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1 MEMBER RYAN: So, but in the interim, I
2 don't know how we maintain the proper controls, like
3 the electronic system would, unless we do something
4 like this.

5 MR. KILLAR: Right.

6 MEMBER RYAN: And again, I think we've
7 given the option for an exception for, you know,
8 routine transfers between well known parties. We try
9 to recognize that as being, you know, appropriate.

10 MR. KILLAR: One thing that you did not
11 touch on, but I believe the Materials Group is looking
12 at is, in the licenses, to make them harder to
13 counterfeit and what-have-you and stuff.

14 Well, that sounded like a good process,
15 but it's just -- something that's workable.

16 MEMBER RYAN: We said don't do it. It's a
17 waste of time and resources and that the time
18 resources ought to be put into the electronic live
19 web-based tracking system.

20 MR. KILLAR: But that --

21 MEMBER RYAN: I'm sorry, I was just going
22 to say, we specifically considered it and said -- and
23 recommend not doing that.

24 MR. MCCRAW: And that is consistent with
25 what the Materials Program Working Group has said,

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1 this verification and process, counterfeiting kind of
2 becomes a moot issue.

3 MEMBER RYAN: And if the electronic system
4 is up and running, paper becomes a moot issue.

5 MR. MCCRAW: Very good.

6 MR. LIETO: This is Ralph Lieto. Just one
7 final question of clarification. At the bottom of
8 recommendation 3C, it says the resources to support
9 the effort for the web-based licensing in the National
10 Source Tracking System, is the ownership intended for
11 this always to be the NRC?

12 CHAIR HILL: I think so.

13 MR. LIETO: Okay, I mean, it just wasn't
14 real clear, because I mean, it does talk about the
15 agreement states and participation and so forth, but
16 it's -- it just wasn't -- you know, I just couldn't it
17 in the report, if it was real clear that it's expected
18 that the ownership of those aspects will always be the
19 NRC and that's going to be part of the operations of
20 the agency.

21 CHAIR HILL: I think one of the things to
22 consider here is the Atomic Energy Act charges NRC
23 with maintaining a national program and part of that
24 national program includes the agreement states.

25 MR. LIETO: Well, understood, but I just

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1 didn't know if the expectation is that the agreement
2 state would sort of like, buy their or get -- develop
3 their own software system that --

4 MEMBER RYAN: No, nothing of that sort.

5 MR. LIETO: -- or have their own for their
6 state and you'd have all these multiple agreement
7 state programs, if you know what I mean.

8 MEMBER RYAN: Yes. No, we would recommend
9 exactly the opposite, that the NRC kind of be the
10 owner or the development of their system and they
11 actually roll it out to the agreement states and
12 support it for the agreement states over time.

13 MR. LIETO: Great, support that, great.

14 MEMBER RYAN: You know, because that makes,
15 for example, trans-state boundary licensees who do
16 work in different states and all that. There's no,
17 well, I don't have the Georgia. I only have the North
18 Carolina software. That would be a disaster.

19 So, yes, the vision of a national system
20 is exactly what we were thinking.

21 CHAIR HILL: Okay, other comments?

22 (No audible response)

23 CHAIR HILL: All right. Okay. Well, if
24 that's the case, we have any other business that we
25 need to discuss this morning?

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1 (No audible response)

2 CHAIR HILL: Well, if there is no
3 objection, I say we adjourn.

4 MR. MCCRAW: Well, I'll make one quick
5 announcement, and that's the Panel will be meeting
6 again March 5th through 7th and again, welcoming any
7 comments from the public and interested stake holders.

8 I did find out this morning that the
9 Organization of Agreement States is planning on
10 submitting comments. I'm not sure if that's going to
11 be written or verbal.

12 But we've also sent out notification to
13 other agreement states via an all-agreement state
14 letter to solicit comments from the states.

15 MS. ROUGHAN: Do you know when you'll have
16 the next draft available?

17 UNIDENTIFIED SPEAKER: At the Commission
18 meeting.

19 MR. MCCRAW: Yes, the next draft is going
20 to be the final report, which will be available at the
21 Commission briefing on March 18th.

22 MS. ROUGHAN: March 18th, okay.

23 CHAIR HILL: Well, if that concludes it,
24 we've worked through breaks, so it's time to take a
25 break and to adjourn. So, we appreciate everybody's

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1 participation.

2 MR. KILLAR: It was a great dialog. We
3 really appreciate your input.

4 CHAIR HILL: We appreciate all of the
5 comments.

6 MS. ROUGHAN: Yes, appreciate the
7 opportunity.

8 CHAIR HILL: Sure.

9 MS. ROUGHAN: Okay, thank you very much.

10 CHAIR HILL: Thank you. We're adjourned.

11 (Whereupon, the above-entitled matter
12 concluded at approximately 11:10 a.m.)

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