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NUCLEAR REGULATORY COMMISSION

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INDEPENDENT EXTERNAL REVIEW PANEL

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7TH MEETING

+ + + + +

WEDNESDAY,

MARCH 5, 2008

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ROCKVILLE, MARYLAND

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The Panel met at the Nuclear Regulatory Commission, Two White Flint North, Room T-2B1, 11545 Rockville Pike at 2:00 p.m., Thomas E. Hill, Chairman, presiding.

PANEL MEMBERS:

THOMAS E. HILL, Chairman

BENJAMIN W. NERUD, Member

MICHAEL T. RYAN, Member

NRC STAFF:

AARON T. McCRAW, FSME

TERRY REIS, FSME

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

2:01 p.m.

CHAIRMAN HILL: Well, it's 2:00. If the meeting will come to order.

This is the first day of the 7th 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 the 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 insure an accurate account of today's discussion. Please use one of the microphones when making statements. Please identify yourself when speaking and speak with sufficient clarity and volume.

We ask that you conduct any necessary side conversations outside the room and if you have a cell phone or a pager, would you please put them in silent mode or turn them off at this time.

The Panel appreciates your cooperation with these requests.

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already, I ask that you sign in on the sheet provided by the door and members of the public will be afforded an opportunity to make oral statements at the time designated in the agenda.

Back on the table underneath the screen, we have provided a list of reference documents, documents that have been or will be discussed by the Review Panel. There are also feedback forms for anyone who wished to provide his or her comments on today's session.

I'll ask that members at the table please introduce themselves.

I'm Tom Hill, Chairman.

MR. NERUD: Ben Nerud, Member of the Panel.

MR. RYAN: Mike Ryan, Member of the Panel.

MR. MCCRAW: Aaron McCraw, Designated Federal Official.

CHAIRMAN HILL: Thank you much. Aaron, have any comments about our agenda for today?

MR. MCCRAW: Your agenda for today and the next two days is fairly wide open for you to accept, resolve and discuss comments that you may have or will receive on your report.

CHAIRMAN HILL: Okay. Thank you. Well,

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we've received comments from the Board of the Conference of Radiation Control Program Directors and also from the Officers of the Organization of Agreement States. So, at this time, we can review those and see if there's any modifications/changes that we want to make to our report as a result of that.

MR. RYAN: Mr. Chair, it might be helpful to point out that these comments were on the first publicly available draft. Since then, we, at our last meeting, made substantive changes to the report. So, we'll probably have to assess whether or not the previous changes we've already made address the comments or whether further changes might be needed. That might just help everybody understand that the report's actually a step or two ahead of where these folks are and we'll probably be verifying or adding to to make sure we've addressed any other issues they may raise.

CHAIRMAN HILL: Good point and I believe that one or two of the comments we have actually addressed them in the changes that we made since the initial copy was available.

The CRCPD, the Conference of Radiation Control Program Directors, started with a comment

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regarding recommendation 2. We believe that determining the information for licensing process, it should be readily accessible and available to members of the public under the Freedom of Information Act and that which should remain secure will be quite difficult.

Nuclear Regulatory Commission and many Agreement States have had licensing guides on their website for years -- several years. The withdrawal of some of the licensing guides is also inked in the process by requiring more direct correspondence back and forth from the applicant and so, this would increase the time and resources required to complete the application renewal and inspection process for NRC and the Agreement States.

When I was looking at this, there are two paragraphs in recommendation 1.

MR. RYAN: Two.

CHAIRMAN HILL: Recommendation 2. Excuse me. That as I read it, I said they -- those two paragraphs need to be read together and it's the observation -- the last two paragraphs in the observation is where I think their comment came from. I may be wrong.

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available information. In this case, the information provided by the NRC itself provided a vast amount of data on security and the licensing process ranging from government policies and specific procedures to training methods and systems used.

The ability to gather all the necessary information to produce a legitimate license application and supporting documentation was the primary reason the GAO was successful. I think that sentence is what elicited their comment, but I'm not sure.

Once the submitted, the GAO knew and understood all the actions NRC was to take in processing the application. This understanding allowed GAO to anticipate, prepare for and counter any actions taken by the NRC.

And when that's read in conjunction with the next paragraph, you look at those together, I think that middle sentence, the ability to gather all the necessary information is what prompted their comment.

MR. RYAN: That's a true statement.

CHAIRMAN HILL: Yes, it is. It's a true statement.

MR. RYAN: Let's -- let's -- if I may just

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read through all that one --

CHAIRMAN HILL: Okay.

MR. RYAN: -- one lick and see what you think. Because I guess I understand what the comment is, but I don't think that's what we intended and what we wrote. So, let's read it through.

"The Panel believes that the NRC openness policy regarding public access to licensing information provides excellent information for license applicants to apply for, obtain and maintain a license. At the same time, it also provides very useful information to an adversary attempting to obtain a license or circumvent regulations designed to prevent unauthorized access to radioactive material. Exploiting open sources, publicly available information, in this case, information provided by the NRC itself, provided a vast amount of data on the security and licensing process ranging from government policies and specific procedures to training methods and systems use. The ability to gather all necessary information to produce a legitimate license application and supporting documentation was the primary reason GAO was successful. Once submitted, the GAO knew and understood all actions the NRC was to take in processing the application" and it goes on

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through the next paragraph.

I think the commentor indicates to me that we've got -- we talk about applying for a license, reviewing a license and, you know, it's kind of interchangeable going from, you know, applying to reviewing to applying to reviewing. So, we're making comments about both points and sort of out of order.

What we ought to talk about is -- just to make it clear is maybe we ought to reorganize it so it's -- we think that having information about applying for a license is appropriate.

MR. NERUD: Right.

MR. RYAN: Do you see what I'm saying? We go back and forth from applying for and reviewing it.

MR. NERUD: Right and what it is is the statement the primary reason the GAO was successful is what is confusing.

MR. RYAN: Right.

MR. NERUD: Which if that sentence, then we'd have to rewrite the ability to gather -- you know, the GAO was able to gather all the necessary information to produce a legitimate license application and supporting documentation period. Once submitted, the GAO knew and understood all the actions the NRC was to take in processing the application.

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This understanding allowed the GAO to anticipate, prepare for and counter any actions taken by the NRC.

We could actually have comma this was the primary reason the GAO was successful. Is because they could --

MR. RYAN: Sure. I think -- I think that's a good way to fix that up a bit.

MR. NERUD: I think it is.

MR. RYAN: But, just to get away from the text for minute and then I'm trying to understand the point we've all talked about before, Ben, and agree to. We -- we do agree and I think we ought to say what we agree to ought to be -- and we do agree that information ought to be available to an applicant so they can produce a successful license application.

MR. NERUD: Which I think is covered in that second paragraph.

MR. RYAN: But, that should be the first thing we say. I'm going to suggest changing it. What we ought to say is what we believe ought to be out there and then the second part should deal with -- maybe the second paragraph deals with what we don't think should be there. Is what are the evaluation techniques and internal processes that the NRC is going to use to test, you know, the applicant's

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application package for lack of a better word to make sure it's legitimate as well as correct, accurate and appropriate according to all the requirements.

You know, that's -- I mean that's -- to me, that's the message we were trying to get across in the second thought in these two paragraphs. Is there is legitimate information that ought to be fully disclosed, fully out there for an applicant to make an application and the point about, you know, the GAO was able to anticipate, prepare for and counter any actions because not only was the requirement for what needs to be in the application there, the exact process for how it was going to be reviewed is there, too, at the moment.

And your point is that's what gave them, you know --

MR. NERUD: The upper hand.

MR. RYAN: -- a leg up that, you know, doesn't need necessarily to be there.

Now, if an applicant really wants to know that, there's a real simple way to get at it. Talk to the regulator.

Well, you know, I'm not sure what you're looking for. When you tell me you need this in the guidance, what do you really want? Well, if an

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applicant calls up and asks about it or has meetings, then, you know, that gets to the, you know, building the familiarity with an applicant kind of situation.

So, I'm -- I'm just trying to figure out how to say it a little bit more clearly so it doesn't confuse a reader or give the reader the impression it's in this first recommendation.

But, I think the one thing we may be don't agree with the comment and maybe there's a later comment that's similar is we believe that some of the information that gives the mind of a reviewer to a potential adversary is not appropriate to be on the web.

CHAIRMAN HILL: Right.

MR. NERUD: I agree.

MR. RYAN: Okay.

MR. NERUD: And quite frankly, where they say this will increase the time and resources required to complete the application, renewal and inspection processes, I don't see where that's a bad thing. The more time spent with an applicant, the easier it's gong to be to establish trust, credible performance and all that.

MR. RYAN: Yes, and I -- the friendly amendment I'd offer the commentor is that, you know,

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we're talking about new applicants here.

MR. NERUD: Yes.

MR. RYAN: That's a very specific thing we've defined. It's for new applicants. There is no record.

So, what do we do with these two paragraphs? Actually three.

MR. NERUD: Well, I think the third paragraph I'm going to follow your line here. It needs to be the second paragraph.

MR. RYAN: I'll move it up. Okay.

CHAIRMAN HILL: The sentence in that third paragraph now second, the information provided in documents used by the license reviewer, that's where we start talking about as you say getting into the mind of that license reviewer. Whereas, the first part of the paragraph is talking about what's needed by the applicant to provide a -- submit a complete application. So, do we want to divide that?

MR. RYAN: And here's a thought for you just to start. If you take it and split it down into four paragraphs, the middle paragraph now moved so that we're talking about increased control of regulatory information is contrary. Information provided in documents used by licensed reviewers is a

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separate thought. That's a good start and then going to figure out what we want to do to divide this up.

MR. NERUD: Right.

CHAIRMAN HILL: What you've done there is taken the third paragraph and divided. Right?

MR. RYAN: Yes. Ben, tell me if you agree with me, but I think this first sentence in now what's this paragraph here, the fourth paragraph, I'm not too sure that you need to say that given that you start with then the ability. Does that just repeat the same thought?

The recommendation is fairly detailed, too. I guess I'll wait a minute and see what you think about that.

MR. NERUD: Think about replacing that one with this paragraph.

MR. RYAN: It says "The GAO was able to get all the necessary information to produce a legitimate license application and supporting documentation using open-source information. In addition, the GAO knew and understood all actions the NRC would take in processing an application. This understanding allowed the GAO to anticipate, prepare for and counter any actions taken by the NRC which was the primary reason the GAO was successful."

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That's a good write. That's fine.

So, the recommendation -- and those are the statements of facts. The recommendation says "The Panel recommends information specific to the review and decision-making procedures used by reviewers to evaluate and grant licenses be examined and determined if the release of this information provides an advantage to an adversary attempting to exploit the licensing process."

That's as clear as a bell. Maybe we ought to say this is not intended to eliminate the availability of information the applicant would need to use to make a successful license.

MR. NERUD: And I think we more than adequately cover that up above.

MR. RYAN: Well, let's say that in the recommendation, too. Let's just say it right here at the first place. This is not intended to restrict information that is designed to help an applicant prepare a complete -- what's that other modifiers we want to use? A complete license application.

MR. NERUD: I think that's good enough

MR. RYAN: So, that makes it clear I'm making two different distinct versions of it.

Okay. Ben, if you'll just let me fix that

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paragraph, you know, at --

MR. NERUD: Sure.

CHAIRMAN HILL: Our observation will now have four paragraphs in it?

MR. RYAN: Something like that. Just let me get that.

MR. MCCRAW: We need some background music while you guys are working. Something to keep our guests entertained.

MR. RYAN: I just made that last part a separate sentence.

MR. NERUD: Okay.

MR. RYAN: Okay. I have what Ben has and then I've added that one clarifying sentence to recommendation 2 and I think we've covered it.

MR. NERUD: I think so, too.

MR. RYAN: So, you want to put a check mark against that one, Tom, and we'll just move on?

CHAIRMAN HILL: We will go on from that. The next comment was regarding recommendation 4 and that was the one that we started it out originally the Panel recommends development of prescriptive physical security requirements and that has since been changed to development of detailed physical security requirements and they say that this -- the comment is

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"This recommendation deviates from the Increased Controlled Working Group's primary goal when developing the increased controls, the ICs, and also seems counter an earlier recommendation about providing too much information to potential malevolent users. The Work Group realized that a larger number of variables exist between licensees in terms of facility design process flow. One size does not fit all." Which was basically the ICs where one size fits all as I understand it.

"Having a prescriptive nature, the ICs could have a much greater impact on the licensee in terms of cost and effective implementation and access to health care. In some cases, it may also compromise health and safety at the facility. This is especially true for medical facilities."

MR. RYAN: I don't understand that comment.

MR. NERUD: I don't even believe that.

CHAIRMAN HILL: It says it's not performance based which was another of the working group's priorities and if prescriptive requirements are made available, the adversary would know exactly what measures were in place and could easily plan a way to defeat them.

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MR. RYAN: Well, and some of that could be true I guess. Ben, correct me if I'm wrong, but the Increased Controls Working Group was actually put in place prior to the GAO's report.

MR. NERUD: Correct.

MR. RYAN: So, if we're suggesting a shift in gears from what their original thinking was to what we're recommending now based on GAO's report, I can accept that comment. We are. Because the GAO has taken away what was the presumption of good faith.

MR. NERUD: Exactly.

MR. RYAN: So, you know, in a way, the -- you know, that -- the ship's leaving the dock on that point. I mean that's something we can't get back easily.

MR. NERUD: That's exactly right. But, the other thing is that -- and again, we have to recognize this. We've rewritten observation 4 --

MR. RYAN: Right.

MR. NERUD: -- dramatically --

MR. RYAN: Right.

MR. NERUD: -- from when this was made and as far as counter to recommendations about providing adversaries with information, what we focused on was -- and it says it right in the report. "Rather than

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focusing solely on specific physical and procedural countermeasures, security plans should be developed by answering the following questions: What kind of protection is needed, what undesirable events do they guard against." Those considerations which provides that detailed plan. This is what you will address in your security plan.

MR. RYAN: Well, I think in the other sense it addresses part of that question of, you know, performance based and some of that is the idea that we put in here. I think it was in our edits. Is that the following discussion briefly outlines aspects for security to be included as a complement to help safety and environmental protection.

MR. NERUD: Um-hum.

MR. RYAN: So, I think we've tried to rewrite it striking that balance.

MR. NERUD: And I think we've --

CHAIRMAN HILL: I think so.

MR. NERUD: I think we have. I think with the rewrite we've --

MR. RYAN: But, the fact that it deviates from the original working group, you know, on increased controls, that -- the working group's wrestling, you know, with this issue as well. Right?

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I don't see any head nod, but is that a yes?

MR. MCCRAW: Well, the Increased Controls Working Group is really no longer in existence because they put out the increased controls. There's now a implementation of Increased Controls Working Group that's --

MR. RYAN: Right. That's wrestling with it.

MR. MCCRAW: Battling the issue of were the performance-based standards enough and how do you interpret the performance-based standards as well as, you know, are they applicable to all types of licensees.

MR. RYAN: We're going to hear from those folks later in this week.

MR. MCCRAW: The Materials Program Working Group is going to address the address the Panel tomorrow morning with their comments --

MR. RYAN: Okay.

MR. MCCRAW: -- on the draft report.

MR. RYAN: Okay. Well, that's the end of their comment two.

CHAIRMAN HILL: Yes, because I believe then that we addressed that with our edits.

MR. NERUD: Yes, I don't --

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CHAIRMAN HILL: The next comment the proposed mechanism for effective communication is unclear. What is the proposed method to communicate regulatory requirements effected by the security plan that would also be secure from those who wish to do harm?

MR. RYAN: Where is this reference in the letter?

MR. MCCRAW: I think those two are sub-bullets of recommendation 2.

CHAIRMAN HILL: Is that? Because I was unsure also.

MR. RYAN: I -- you know, number two said if the recommendations are implemented additional training in both NRC and state staff will be needed and sought. I mean that's a general. It says recommendations.

I want to ask that before we try and figure that out, maybe we could take a quick break either today or get in touch with them and see if we can get an answer tomorrow. Are these separate recommendations from --

MR. NERUD: It really looks like we're missing a page.

CHAIRMAN HILL: Except this is page 1 and

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page 2.

MR. NERUD: Yes, because they're page 1 and page 2.

CHAIRMAN HILL: I thought it was, too. A paragraph.

MR. RYAN: Can we just verify where we're at on that, Aaron, and see if we got the whole thing and then if -- are we to take these as sub-bullets of two or are we to take these as separate recommendations?

MR. MCCRAW: I'm not sure.

MR. RYAN: No, I -- I mean I read them as separate recommendations. Because the proposed mechanism for effective communication is unclear. What is the proposed method to communicate regulatory requirements, inspection findings and security plans that would also be secure from those who wish to do harm?

So, the -- I mean I think what they're suggesting here is that some information that's generated as part of the regulator licensing interaction would need to be secure. At least, they're recognizing we're saying that.

Maybe that's what they took out of the old version of observation 4. If you're going to have all

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these evaluations relative to securing radioactive material, that -- you know, what are you going to do with the information you generate in that regard? The recommendations are implemented. So, I guess it could be all about 4.

I guess I'd just like to understand that.

If those are about recommendations on observation 4, I still don't feel at all uncomfortable about what we've written.

MR. NERUD: I don't either.

MR. RYAN: What we've rewritten from what they read --

MR. NERUD: All right.

MR. RYAN: -- to be clear.

MR. NERUD: I don't -- obviously, there's already mechanisms in place to keep portions of applications secure. Security plans, inspection findings, all those things become part of that. I think the inspection findings are already secure. They -- you know, you get -- the public side is very, very broad when you get to read that and additional training of both NRC and state staff, I couldn't agree more. That is -- and we've addressed that --

MR. RYAN: I think there's a major observation and recommendation that addresses that

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specifically.

MR. NERUD: Exactly.

CHAIRMAN HILL: I put on my note here that I believe we addressed those recommendations in recommendations 5 and 6 and my only question was would we need to state it more clearly as far as their second comment on additional training.

MR. RYAN: At the end of recommendation 5, resources to support this effort and that talks about all the elements of, you know, the licensing process to support this will need to involve planning for NRC and Agreement State participation during development and roll on and ongoing support for continued use of the system. There's a note here to add a sentence. I don't know what that was for. Okay. I'll take that out.

CHAIRMAN HILL: Yes, we had -- there was a comment made that we needed to do a new sentence there, but I'm cold now.

MR. RYAN: All right. So --

CHAIRMAN HILL: It's cold.

MR. MCCRAW: I don't think you need one.

MR. RYAN: And then as you say in observation 6, you know, likewise the Agreement States printing programs and so forth. You know, I -- I

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guess I'm at a loss that we cannot include in the Agreement State staff and all the things we're saying ought to happen as far as training and roll out and so on.

MR. MCCRAW: I think maybe -- and Debbie Gilley the Chair of CRCPD gave me her cell phone number and she said if you have any questions feel free to call her and she'll explain. So, I can ask her some of these questions, but I think the disconnect may be that recommendation and -- observation and recommendation 6 talk about providing the additional training for license reviewers, you know, getting security in the license reviewer state of mind.

Whereas, recommendation 4 would be more targeted at the inspection side of things. You know, you develop these additional security measures or more detailed security measures, how are you going to inspect them?

MR. RYAN: Okay. So, there's two -- there's two ways an Agreement States and the NRC staff going to get -- you know, we're recommending that they be considered. How all this is going to roll out.

If the recommendations are implemented, additional training for both NRC and Agreement State

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staff will be needed and the -- on the culture of security risk, more familiar health and safety culture. Sure enough.

CHAIRMAN HILL: Yes.

MR. RYAN: I don't think we've left that untouched. That was the end of their comments.

Tom, I guess you're covering that recommendation.

CHAIRMAN HILL: Yes.

MR. RYAN: I mean that surely can be something you want to emphasize in your comments during the briefing of the Commission. You know, recognize that this -- you know, the implementation of the roll out must be, you know, very much involved with the Agreement States are doing.

CHAIRMAN HILL: And I think I have. I will go back and look at it a little more closely particularly with recommendation 6.

MR. RYAN: Okay.

CHAIRMAN HILL: Because as I was looking at five and six and how to comment on those, I said okay, we've got security training in both of them.

MR. RYAN: Um-hum.

CHAIRMAN HILL: Now, what's the difference? Why do we have it two places instead of

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one and I think I figured it out.

Okay. So, you're going to give Debbie a call and get clarification on these. Particularly comment number one on page 2 I believe.

We're ready to look at the Agreement States' comments.

MR. RYAN: Sure.

CHAIRMAN HILL: Well, first, they said they were in agreement with what CRCPD sent out. So, okay, we've covered that.

Additional comments, "In general, the OAS Executive Board suggests that any additional security measures as well as those already implemented or developed, that is, the increased control of fingerprinting, be codified through rule making. The rule-making process provides for important stakeholder comment."

I believe this is a comment that the Agreement States have made to the NRC and maybe in other form, too. Because I think the Agreement States' perspective is there's been too many orders used instead of rule making and quite honestly, I think this is outside the purview of our charter.

MR. NERUD: As do I.

CHAIRMAN HILL: Is there an appropriate

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mechanism for us to raise this issue to the Commission?

MR. NERUD: I think the Commission will determine the best way to implement this. If it's through rule making, if it's through orders. However it is that they want to assure the safety of the United States.

MR. RYAN: Yes, I -- you know, I -- it's an executive decision to decide whether, you know, it's appropriate to issue an order and there's an executive process of, you know, in how to deal with that and I just don't think that's inside our charter.

I mean I appreciate the Agreement States and the OAS may have opinions about that.

CHAIRMAN HILL: I can appreciate that they have difficulty implementing orders also under their enabling legislations. It's -- they're working under enabling legislation in their state not under the Atomic Energy Act, but still that said, I think it's outside our charter.

MR. RYAN: The only option we've got is to say something somewhere in an observation. I don't know which one would be appropriate and say, you know, the Panel received comment on a draft report from the OAS indicating that their preference would be the --

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you know, be made -- that rule making be used rather an onus to implement some of these requirements. You know, we simply point that out to the Commission as a fact, you know, a point of information without comment.

MR. NERUD: I don't see where that's going to go anywhere. That's just going to -- that will become the issue. Do we do this by rule making? Do we do this by issuing orders? That will become the issue of the report then rather than --

MR. RYAN: Yes, it's an idea. I just -- discussion --

MR. NERUD: -- rather than here's the recommendations. These are the vulnerabilities in your process. These are our recommendations to fix those vulnerabilities. How you implement them if you implement them is entirely up to them. I agree with you, Tom. Not in our charter and I don't think has an appropriate place --

MR. RYAN: So, why don't I try to answer the number one item. How about number two?

CHAIRMAN HILL: Number two with respect to recommendations 1a(4) and 1a(5), the OAS finds the term background investigation and business plans somewhat vague. I think we've already got rid of the

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term business plan last time.

MR. NERUD: Yes, we did and we clarified by background investigation.

CHAIRMAN HILL: And I believe we did there with --

MR. RYAN: Okay.

CHAIRMAN HILL: So, I think we -- we addressed that one.

MR. RYAN: Corrected those items.

CHAIRMAN HILL: Suggested we finally were delineating.

MR. RYAN: Yes.

CHAIRMAN HILL: And we did. Okay. With regard to recommendation 1b, it's not clear how the suggested process and criteria should or would differ from a currently established pre-licensing screening guidance with enhancements enumerated in recommendation 1a.

MR. NERUD: Aaron, did you -- did I send you my slides?

MR. MCCRAW: No, sir. Not yet.

MR. NERUD: I thought I sent them last week. You got them.

MR. MCCRAW: No.

MR. NERUD: No.

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MR. RYAN: No.

MR. NERUD: All right then.

MR. RYAN: Well, let's take the comment and just think about it a second. It's not clear how the suggested process and criteria would or should differ from the currently established pre-licensing screening guidance with the enhancements enumerated in recommendation 1a. So, the real question is what are we offering in 1b that's not in 1a?

MR. NERUD: And what -- the reason I asked the question about my slides is because I did provide some examples in the slide on the criteria.

MR. RYAN: I think it's real simple. The Panel recommends that a process discussed in recommendation 1a will allow new licensees to be recognized for having any record -- you know, for having a record of credible performance leading to the establishment of trust. The Panel believes that this process -- this -- recommends that this process is not necessary for licensees with a well-known and current history of performance under an NRC or Agreement State license.

Is it that simple?

MR. NERUD: Yes.

MR. RYAN: Now, I --

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MR. NERUD: I think it's --

MR. RYAN: -- I see where the words can be a little confusing. So --

MR. NERUD: Um-hum.

MR. RYAN: -- the first sentence of recommendation 1b is we think if we do what it says in 1a that will lead to the right outcome. Then I think a new --

MR. NERUD: Yes.

MR. RYAN: -- paragraph 2, the Panel recommends that this process is not necessary and be real explicit about that. Takes care of the difference we see for somebody that's had a license previously and somebody that hasn't.

MR. NERUD: Right. The only thing that I would add into that for credible performance is you can't just do the background investigations and all the rest of that and grant them a license and saying okay, you're credible.

MR. RYAN: Well, let me --

MR. NERUD: We need to validate that through a period of inspection and compliance, health safety, environmental security, environment and security and whatever that process is. If that process is three years, five years, ten years, six

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months. Whatever it takes to establish that credible record of performance.

MR. RYAN: Okay. Here's what I want to write for 1b. Just start out with this. See if you like it.

The Panel recommends that a processing criteria be developed that will allow a "new applicant" -- I'm sorry, "new applicants" to obtain and use a license over time and be recognized by having a record of credible performance leading to an establishment of trust.

So, it's very specific. Okay and use the license over time and through inspections be recognized for a having a record of credible performance leading to the establishment of trust.

Second paragraph. The Panel believes this process is not, and that's an emphasis, were it not necessary for licensees that do not meet the Panel's definition of new applicant and who have a current history of performance under other NRC or Agreement State licensees and thus supported by regulatory inspections.

CHAIRMAN HILL: I think that's more clear.

MR. NERUD: Works for me.

CHAIRMAN HILL: Fourth comment from

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Agreement States, with regard to recommendation 3c, we suggest that Agreement States and licensee input and participation in development be the first step in the process. 3c is about the Web-Based Licensing and National Source Tracking System. Recognizing it will take time to develop and recommend that a plan be developed for a phased approach to develop and test the system, get Agreement State licensee input and roll out and implement the system.

MR. NERUD: We can do it. I don't see where it makes any difference. We say get Agreement State and licensee input and participation in the development and trials using the system. I -- I can't see --

CHAIRMAN HILL: So, renumber one and two?

MR. RYAN: Wait. Before we do that, this was -- during development and roll out and ongoing support for continued use of the system. I don't know how we'd -- maybe this wasn't in there before. This is in 3c which is the one they complained about. Resources to support this effort will need to involve planning for NRC and Agreement State participation during development and roll out and ongoing support for continued use of the system. How much clearer can it be they should be involved from step one?

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MR. NERUD: And that's my whole point. I don't -- I can't remember if we changed anything on this previously.

MR. RYAN: I can't either, but --

MR. NERUD: But --

MR. RYAN: That sure answers the mail on the point.

MR. NERUD: I think it's completely answered in this statement. I don't know if there -- if it's misread, misunderstood and I can't see how it could be.

CHAIRMAN HILL: I don't think we've changed that statement and we use it at least twice in the report.

MR. RYAN: How about I do this just to add a little bit of detail to it? Resources to support this effort will need to involve planning for NRC and Agreement State participation from the first stages of development through roll out and ongoing support for continued use of the system.

CHAIRMAN HILL: Okay.

MR. NERUD: Sure.

CHAIRMAN HILL: Okay.

MR. RYAN: That's as clear as it -- I mean I think I've answered the mail a little bit more

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explicitly and we don't disagree with them. They should be involved in the very beginning.

CHAIRMAN HILL: Right. Yes.

MR. NERUD: Right.

MR. RYAN: So, but that just makes it, you know, a little bit more emphatic.

CHAIRMAN HILL: The last comment is on recommendation number 5. Where we recommend -- the Panel recommends that licensing personnel have the tools and training necessary to make risk-informed decisions and say that some of those tools could include -- number 4 is information management databases such as ChoicePoint for use in NRC and Agreement State licensing programs and their comment is with respect to recommendation 5, we suggest the Panel explore the potential for the development of a national federally-supported service that coordinates information from both commercial services such as ChoicePoint and federal data bases that would be available to federal, state and local agencies not only for radioactive materials license issuance but for other permits or licenses requiring similar verification of applicant backgrounds whether it be explosive permits or child care service licenses.

MR. RYAN: I think that's way outside our

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wheel house.

CHAIRMAN HILL: I think so, too.

MR. REIS: I'm sitting on my hands.
That's my comment.

MR. RYAN: I mean I appreciate the sentiment, but, you know, it's way outside our wheel house. I think it's way outside the Commission's wheel house actually. So, I don't know what we can do with that.

I -- I think we need to just thank them for their comment. We appreciate the comment, but ChoicePoint's the one that -- seems to be the one that flows to the top from the staff. That's, you know, the one that seems to be gaining favor as a system of use. Now, whether they change their view or not, I don't think frankly we have enough information to offer any other choices for me to -- they're relying on the staff's work on that.

CHAIRMAN HILL: I can understand how some the state regulatory programs are in health agencies where there is more than just --

MR. RYAN: Sure.

CHAIRMAN HILL: -- radioactive material and radiation involved --

MR. RYAN: Sure.

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CHAIRMAN HILL: -- in things, but --

MR. RYAN: Right.

CHAIRMAN HILL: But, that's beyond our purview.

MR. RYAN: Okay. There we have it. I completed the edits that we discussed and I'll give a copy of that to you, Aaron, so you can -- I'll leave it in the changed form so you can see it and just confirm everything and we'll go from there.

CHAIRMAN HILL: Well, at this time, I'm going to ask the members of the public if you have any comments that you want to make.

It's about 20 minutes early, but how about let's take a 15-minute break.

MR. RYAN: Just one comment I think for the record, Tom, would be helpful.

CHAIRMAN HILL: Okay.

MR. RYAN: We had a really good session at our last meeting with stakeholder comments and I think we offer our appreciation to the Organization of Agreement States and the Conference of Radiation Control Program Directors on the record for taking time and relatively short turnaround time to --

CHAIRMAN HILL: Yes.

MR. RYAN: -- give us meaningful comments

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and we appreciate their input. Welcome their review of the final report once it's issued.

If they want -- if we can, Aaron, I'd ask that we make sure that they're aware of the -- you know, webcasting the briefing.

MR. MCCRAW: Yes. Yes.

MR. RYAN: So, they'll know about the webcasting for the briefing and they can see our presentation and I'd have that -- that element to participate in as well. So -- so, requested, Mr. Chairman.

CHAIRMAN HILL: Okay. That's a good point. Let's take a break until 3:15 p.m.

MR. RYAN: Great.

(Whereupon, at 2:54 p.m., off the record until 3:28 p.m.)

CHAIRMAN HILL: All right. If we are going to -- if 20 slides is too many, then how are we going to consolidate?

MR. RYAN: All right. Well, why don't we walk through it --

CHAIRMAN HILL: Okay.

MR. RYAN: -- once and see how we like it. You're going to start off. Right?

CHAIRMAN HILL: Yes. I don't have my

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comments memorized.

MR. RYAN: I'm not asking you to go through it. Just outline what you're going to cover.

CHAIRMAN HILL: Well, this is the introduction of the Panel Members at this point and --

MR. RYAN: Okay.

CHAIRMAN HILL: -- just then I'll talk about the number of meetings we had, that we were in accordance with the Federal Advisory Committee Act. Everything was published.

MR. RYAN: I'm going to tell you one thing we have to guard against and that is --

CHAIRMAN HILL: Initials.

MR. RYAN: -- acronyms.

CHAIRMAN HILL: Acronyms. I'll talk about meetings being noticed, being conducted in accordance with that. That there was opportunity for public comment at least once at every meeting.

MR. RYAN: It was at least twice at every meeting. It was one morning and one afternoon. I mean there was always a few hours.

CHAIRMAN HILL: Well, and whenever we had a half a day meeting, it was only once in the afternoon.

MR. RYAN: Well, we always had the run it

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again.

CHAIRMAN HILL: Yes.

MR. RYAN: But, there was plenty of opportunity. That's the point.

CHAIRMAN HILL: At least --

MR. RYAN: Okay.

CHAIRMAN HILL: And then move and talk about stakeholder participation and staff cooperation and it looks like at that point that's it. Then it goes to Ben.

MR. RYAN: All right. So, Ben, your title slide comes up here. Right -- right there.

MR. NERUD: Talk about the culture of security and integrating that into -- into NRC and Agreement State processes. Yes, I've got a bunch of words down here.

MR. RYAN: Okay. The reason I think we got a -- my experience with the briefings is the Commission wants to ask questions. They will have read the report. You know, they'll have their own thoughts and notes on the report. So, I think what we want to do is hit the highlights and then see what questions they've got. So, if we can focus more of our time on questions and dialogue, they'll come away better informed of what we're thinking than --

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MR. NERUD: Sure.

MR. RYAN: -- if we try and give them all the words that we want them to grasp. So, I -- I think what you want to think about is adding a sentence or so for each bullet that you have an no more as kind of a -- that's what I use as a general rule of thumb.

MR. NERUD: Okay.

MR. RYAN: And, you know, the last Commission briefings the ACNW had the briefings have lasted, now this is with five members talking, 30 minutes and then there's a -- you know, the other hour and a half was for what ended up to be very, very helpful things they'd want to talk about and get more information about and they'd ask about those things. So, I think that will happen particularly in this case, but I'm going to guess particularly in the culture of security and web-based licensing system for two and then we can interact with that.

So, that's my recommendation. Thank you.

We're all set. Is to keep the words short and the dialogue longer.

MR. NERUD: Sure.

MR. RYAN: What is our briefing time? Is it an hour and a half or two hours?

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MR. MCCRAW: I think it's two hours.

MR. RYAN: So -- so --

MR. MCCRAW: Starting at 9:30.

CHAIRMAN HILL: Nine thirty to 11:30.

MR. RYAN: Eleven thirty. So, ending at around 10:00 with our formal presentation is now bad. That gives us about 10 minutes apiece to talk. So, you want to, you know, think about that as we prepare.

MR. NERUD: Sure.

MR. RYAN: And I think at some point we need to do a run through of what's the page and see how it times out.

So, okay. So, that's the -- so, we've got the health, safety and environment. Security must be, you know, equal. Is equal exactly the right word to use? Must have the same level of consideration or something like that. I'm not sure. Equal sort of overcooks it a little bit. Equal consideration would be fine. Equal doesn't mean -- I'm just thinking ahead. You know, it doesn't mean spend the same amount of money.

MR. NERUD: Right. Right. No.

MR. RYAN: You know, equal consideration. You'd accept that amendment?

MR. NERUD: Yes.

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MR. RYAN: All right. Okay.

MR. NERUD: Defense in depth. I wanted to bring out the point that this can't just be a licensing thing. This can't just be that. It's got to include everybody and it's got to include all the stakeholders in order to provide a full spectrum of --

MR. RYAN: Who are all the stakeholders?

MR. NERUD: And all the stakeholders would be -- let's see. NRC, Agreement States, licensed applicants and -- or licensed applicants and licensee, licensed reviewers, inspectors, vendors, import/export organizations and companies, transportation companies, et cetera. Same way we've got it into our report.

MR. RYAN: Okay.

MR. NERUD: So, we want everybody involved in the protect --

MR. RYAN: Oh, you're just wanting full spectrum protection.

MR. NERUD: And full spectrum protection is identified under the three types of countermeasures. So, what we've done is we've -- we've offered a defense in depth --

MR. RYAN: Let me --

MR. NERUD: -- process.

MR. RYAN: Would you be really sad if I

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took this out and you just said it?

MR. NERUD: No.

MR. RYAN: Again, I'm just thinking on how to make the slides less busy, not dilute the message.

So, security strategy that, you know, really is rooted and the three types of countermeasures provide a full spectrum of protections.

MR. NERUD: Sure.

MR. RYAN: I think -- I think we need protections. You affect the behavior of an adversary.

You affect the operational capability of an adversary. How about protections from an adversary? Affect behavior.

MR. NERUD: Sure.

MR. RYAN: Affect the operational capability and limit the courses of action available.

So, that lines right up with the --

MR. NERUD: Right. And -- and that's -- and that was kind of the precursor in this whole thing. Is we were -- our recommendations fall into one of these three categories.

MR. RYAN: Bingo.

MR. NERUD: We're either affecting their behavior, their ability to act or were limiting the courses of action available to them.

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MR. RYAN: And that's what you want to -- what you just said is what you want to say for this slide.

MR. NERUD: That's what I said, but I did it in 437 words.

MR. RYAN: Cut it down to the 25 you just used and you're in business.

Okay. Recommendation 1a.

MR. NERUD: Again, talking about suspending the good faith -- the -- the recommendations and this is for new applicants. Suspending the good faith presumption. Include --

MR. RYAN: So, for new applicants, sorry. Maybe I can do it without having to go back and forth. Can everybody read that all right? For new applicants specific applications -- specific actions include on-site visits to all locations, all licensee -- all licensed locations. Insuring what plans?

MR. NERUD: All plans.

MR. RYAN: What all plans?

MR. NERUD: Well, health, safety, environmental protection and security.

MR. RYAN: It's not necessarily tailored to the operation. It's tailored to the license material and its category of risk. Right?

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MR. NERUD: Yes, but I think the way we wrote it in the report was that --

MR. MCCRAW: In the report, we say tailored to the operation.

MR. NERUD: We say tailored to the operation.

CHAIRMAN HILL: Tailored to the operation rather than just a reiteration of the requirements as worded in the licensing guidance.

MR. RYAN: Okay. That's -- you're right and that's good, but that's not -- that's not what comes across in the slide so much. This is only a partial list, too, right, of what's in the recommendation. Is that correct?

MR. NERUD: No, it's all five, but we've elevated the good faith presumption to its own bullet.

MR. RYAN: Okay. I think you want to just say new applicants in parentheses and say we've defined that in the report --

MR. NERUD: Right.

MR. RYAN: -- to mean -- is that okay?

MR. NERUD: Sure.

MR. RYAN: Okay. Back on investigation of company and key personnel, review of business plans and processes.

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MR. NERUD: Let's take out of company -- the company. Just background investigation of key personnel.

MR. RYAN: Okay.

MR. NERUD: And review of business plans and processes.

MR. RYAN: Now that -- see this is a first where you've read those four bullets succinctly and you might want to make a comment here and say something like, you know, for example, you know, review of business plans --

MR. NERUD: Sure.

MR. RYAN: -- and processes may give insights to the legitimacy of the company. Review of key personnel maybe. I would further that one there. You know, skilled and experienced personnel. Yes, just things -- from the report on it. Yes.

MR. NERUD: Sure.

MR. RYAN: Okay.

MR. NERUD: And I mean just for what I've got here, good faith presumption be temporarily suspended. I think that's self-explanatory.

MR. RYAN: Yes, that's --

MR. NERUD: On-site visit be performed including all locations identified on the license

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application where the material will be stored or used.

A review of health, safety, environmental and security plans will be performed. Insure that the plans are tailored to operation rather than just a reiteration of the requirements and licensing guidance. Background investigation will be conducted of key personnel including responsible members of management, the radiation safety officer and personnel with unescorted access and a review of the plans be conducted to further access whether the requested radioactive materials comport with the planned activities.

MR. RYAN: Now, you see how those shortened bullets flow right -- real nicely with what you're --

MR. NERUD: Right.

MR. RYAN: -- you're saying. Okay. Great. 1b.

MR. NERUD: What I've said here is establishment of trust provided significant advantages to a licensee including reduced regular and licensing processes when applying for amendments although not to a higher risk category, inspection frequency and fidelity in reciprocity. As a result, specific criteria detailing the means by which a licensee

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establishes critical record of performance should be established. This may include an appropriate length of time, compliance with already --

MR. RYAN: We might want to say three to five years like it says in parentheses. I think that's reasonable to offer them something to think about.

MR. NERUD: Okay. Three to five years.

MR. RYAN: We did say that.

MR. NERUD: Yes. Compliance with our regulations pertaining to the health, safety, environmental protection and security and personnel stability in key positions, management, radiation safety officer and authorized users.

MR. RYAN: Got it. Two --

MR. MCCRAW: May I ask a question? by fidelity inspection? Fidelity?

MR. RYAN: Satisfactory inspection.

MR. NERUD: Satisfactory inspection. When you go in, you know, are -- if you visited this guy like ten times, well, the first time you get in there, you're going to go through his plans. You're going to make sure his plans are right. Well, the fifth, sixth, tenth time you visited this guy, I've seen your plans. I don't need to go into that degree of that.

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So, you're going to -- you know, in the beginning, one would imagine that the inspector's going in there to look --

MR. RYAN: Satisfactory inspection just gets that across.

MR. NERUD: Exactly.

MR. RYAN: So, we'll just say satisfactory inspections in your text. I fixed it here. So, you don't --

MR. NERUD: Okay.

MR. RYAN: Two.

MR. NERUD: Two, let me fix the program.

MR. RYAN: Again, I'm thinking this is the way that will -- the editors will want this. I'm not sure though. You'll have to double check. I may have this absolutely wrong.

MR. NERUD: What I've got here is kind of long. NRC openness policy regarding public access provides excellent information to the license applicants to apply or obtain and maintain a license.

At the same time, it also provides useful information to an adversary attempting to obtain a license or circumvent regulations designed to prevent unauthorized access to radioactive material.

MR. RYAN: Then let me make a suggestion

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if I may. I think what you want to do is get to what we just fixed up.

MR. NERUD: I don't disagree.

MR. RYAN: You know, we just -- we went through that. Where is it here? It's in here somewhere. You know, this recommendation 1b stuff.

MR. NERUD: Right.

MR. RYAN: I think you just -- no, it wasn't 1b.

MR. NERUD: It was two.

MR. RYAN: Two?

MR. NERUD: Yes.

MR. RYAN: It was in the observation or the recommendation? It's in the observation.

MR. NERUD: We added that one sentence in that.

MR. RYAN: Right. I think these first three sentences are what you really wanted to say that we fixed up.

MR. NERUD: Right.

MR. RYAN: Shall I copy that in?

MR. NERUD: Sure. We can copy that in.

MR. RYAN: And get rid of the other stuff.

MR. NERUD: I didn't -- you know, I tried to give different information that was in there rather

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than reiterating or just repeating what was in the report.

MR. RYAN: Say what's in the recommendation.

MR. NERUD: Okay.

MR. RYAN: Remember this is not -- this is a chance for them to ask us questions. We really want to --

MR. NERUD: Okay.

MR. RYAN: -- you know, tell them what's in the report and then when they say well, tell -- you know, what do you mean by that or whatever, if you give them different information that's not in the report, they're going to say where is it?

MR. NERUD: Okay.

MR. RYAN: You know, so stick -- stick to the knitting.

MR. NERUD: All right.

MR. RYAN: For example, I mean both committees, the ACRS and ACNW, write letters to the Commission all the time. The basis for our presentation is the letters we've written and it gives them a chance to probe the details of the things that they may want to ask about that our letters indicated to them.

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MR. NERUD: Okay.

MR. RYAN: Same with this report. They've read the report. They understand the report. They've been briefed on the report. They may want to ask us specific questions because they can ask the staff stuff all day long, but the three of us, you know, after we give our report --

MR. NERUD: Sure.

MR. RYAN: -- we're not. So, I would tend to just, you know -- because this really enhances what that says I think a little bit. Don't you?

MR. NERUD: Oh, I don't disagree at all.

MR. RYAN: Okay.

MR. NERUD: It's -- I mean I'm not --

MR. RYAN: Yes.

MR. NERUD: I just didn't -- and not being aware of the culture of briefing, I wanted to add, you know, things to help them through their thought process --

MR. RYAN: Yes, well --

MR. NERUD: -- rather than just --

MR. RYAN: -- when they ask questions, that's when you can -- you know, you can add --

MR. NERUD: Okay.

MR. RYAN: -- additional stuff.

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MR. NERUD: Fine.

MR. RYAN: Because they'll want to ask a question. I'm sure they'll want to ask a lot of questions, but, you know, then you can give them, you know, sort of ad hoc response to those questions.

MR. NERUD: Sure. Whatever.

MR. RYAN: This is 30 minutes don't forget.

MR. NERUD: Right.

MR. RYAN: As the chairman said, I want to thank your committee for not giving us mind numbing technical detail.

MR. NERUD: I -- I had mine down to 22 minutes. So, I figured those four minutes for you two.

MR. RYAN: More than enough.

MR. NERUD: That's all right. Yes.

MR. RYAN: It's more than enough. Motion to adjourn is always in order. Right? Okay. Four.

MR. NERUD: And again --

MR. RYAN: You take all the verbs out.

MR. NERUD: And again, kind of went off on my own on this. What I've got is current Increased Control documents allowed for wide interpretation of the requirements. Development of detailed standards

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allow license reviewers and inspectors to identify specific deficiencies that must be corrected in order to insure the protection of radioactive material.

MR. RYAN: That has nothing to do with the bullet.

MR. NERUD: It was just an introduction.

MR. RYAN: Yes, the words have to tell me -- the words have to tell me what the bullet means.

MR. NERUD: It's an introduction into the whole thing.

MR. RYAN: Okay. What is the recommendation for? Say that's an introduction.

MR. NERUD: It says develop detailed physical security standards.

MR. RYAN: Observation -- well, it's observation 4. The Panel recommends development of detailed physical security standards using a risk-informed graded approach.

My view is that's what you need to say here. Wow. Okay. Now, how do I achieve that?

MR. NERUD: Okay. Security starts with identifying the appropriate level of protection based on type, form and quantity of radioactive material. The process is currently used to make risk-informed decisions for health, safety and environmental

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protection are identical to those used to determine risk as it applies to security. The strategies will be -- are different. Once it's --

MR. RYAN: Identify the appropriate protection.

MR. NERUD: Identify the appropriate protection.

MR. RYAN: First, I have to identify a threat. Right?

MR. NERUD: Right. Okay.

MR. RYAN: Again, I'm not trying to get you out --

MR. NERUD: No. No. No.

MR. RYAN: What I'm trying to do is reflect what the words say in the report and then you can add other bits from the report to what you say about it.

MR. NERUD: Okay.

MR. RYAN: In essence, the report's descriptive. Okay. Recommendation 9's next.

MR. NERUD: Which we want them to reevaluate the pre-licensing guidance eliminating the reliance on the good faith presumption and replace good faith with on-site inspection and verification.

MR. RYAN: I want to be consistent. So,

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if you'll allow me, I'll do this.

MR. NERUD: Sure.

MR. RYAN: We want to suspend a good faith presumption -- suspend the good faith presumption for new applicants.

MR. NERUD: Reliance.

MR. RYAN: Replace with on-site inspection.

MR. NERUD: And all I was going to do here is rather than talk about it is I was just going to read our example that we use.

MR. RYAN: Sure perfect.

MR. NERUD: And say --

MR. RYAN: I think you want to say rely on on-site inspection and verification instead.

MR. NERUD: Okay.

MR. RYAN: All right.

MR. NERUD: And basically, all I was going to say is we reviewed the implementation guidance for completing the checklist and go through here. This document continues, for example, the guidance of paragraph 303b license reviewers provide a template paragraph to include in the deficiency letter and here's what it states and then here's what we think it should be and that's what we're talking about in this

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-- in this --

MR. RYAN: Yes, I think I would go right to that example. For example, the guidance currently says. You don't need to quote paragraph, chart and all that. Currently says we think it should say and then say how we've tightened up that language.

MR. NERUD: Sure.

MR. RYAN: And it's through these kinds of changes and training people about these changes that we'll change the culture to be more focused on security issues.

MR. NERUD: No issues.

MR. RYAN: Fabulous.

MR. NERUD: We can do that.

MR. RYAN: All right. Web-Based Licensing. Recommendation 3a is integrate Web-Based Licensing and National Source Tracking Systems into a single system. The goal of this system would be real-time tracking and risk significant licensed radioactive materials. Specific features for licensees and vendors can be provided to make real-time transfer of radioactive material easily authorized, easily accomplished and easily conformed.

MR. NERUD: There's a lot of words on that slide?

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MR. RYAN: No there aren't. I'll take as many as you like and our vision is that this will be in use hopefully and developed by the NRC and also will be given to the Agreement States so that they can be a single national system.

Okay. That's it. I'm done on that one.

The Web-Based -- National Source Tracking Web-Based Licensing System the Panel believes should be applied to all risk-significant sources as being defined by the NRC. The Panel recognizes that this is an open question currently being evaluated by staff and our goal is not to second guess where the risk-significant determination should remain either at class 3 or below class 3 to some part of class 4 and so, we simply say that we tried to tailor our recommendation so that they'll be in line with wherever that designation finally comes down.

MR. NERUD: Do we want to add 300 on there?

MR. RYAN: Yes.

MR. NERUD: Add 300.

MR. RYAN: We have tried to identify a couple of exceptions that should be considered by the Commission and that is that for unsealed radioactive materials regulated currently under 10 CFR Part

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35.100, 35.200 and 35.300, that careful consideration be given to exceptions where there's a record of credible performance and trust for these short-lived, unconfined radioactive materials.

MR. MCCRAW: The recommendation 3b itself and what I'm reading on the slide --

MR. RYAN: Don't match. You're right.

MR. MCCRAW: Yes.

MR. RYAN: Let's go back and capture it and redo it.

MR. MCCRAW: Because recommendation 3b is really about having some kind of manual verification system in place until --

MR. RYAN: Where did we get screwed up? Which one is that? That's recommendation 8. I'm just going to leave that for a minute. We'll have to sort that out.

MR. NERUD: All right. Yes, we don't --

MR. MCCRAW: Well, the speaker notes for that slide were correct.

MR. RYAN: Yes, go with the text of 3b. That's an interim step before the WBL NSTS is up and running.

MR. NERUD: And that's maybe what we want to say on the step or on the slide.

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MR. RYAN: All right. Let me -- let me do something here. Okay. This is now going to be 3b. That will come later in 8. I'm just going to leave it with that for a minute because that's really all it says.

MR. NERUD: I think if we just take that first sentence.

MR. RYAN: This was a comment from someone on the phone. I forget exactly who. Where they talked about frequent shipment of materials from Canada to the U.S. Basically, radiopharmaceuticals. Moly-99 generators for example and the point we've edited in if I recall the conversation right was we said where there's, you know, transfer of significant quantities and I'm reading it here. "Frequent transfers of radioactive material and risk-significant quantities between parties where there is a record of credible performance leading to the establishment of trust, you know, there may be exceptions." How is that?

MR. MCCRAW: I think your first bullet really --

MR. NERUD: Your first bullet doesn't reflect what we --

MR. MCCRAW: Manual verification in the

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meantime.

MR. NERUD: Yes.

MR. MCCRAW: Recommendation --

MR. NERUD: Confirm licenses for all.
But, it should say something about an interim measure.

Not that sentence. That's a good sentence or a good bullet. But, it's the first sentence. Apply the system. We're not talking about. Here's the recommendation. Recommends all licenses be confirmed in risk-significant quantities until the real time.

MR. RYAN: I'll transfer it. All licenses -- say it out loud so I don't have to look twice.

MR. NERUD: Okay.

MR. RYAN: All transfers --

MR. NERUD: All systems available --

MR. RYAN: -- all transfers --

MR. NERUD: Of radioactive material in risk-significant quantities --

MR. RYAN: Should verify.

MR. NERUD: Right.

MR. RYAN: Where a clear record of trust has been established exceptions could be considered. Is that enough?

MR. MCCRAW: No, it's the licenses that are being verified.

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MR. NERUD: It's the license that needs to be verified.

MR. MCCRAW: Not the transfers.

MR. NERUD: Is available.

MR. RYAN: It's either licenses governing transfers or licenses involved in more significant transfers.

MR. NERUD: That's fine. That's fine.

MR. RYAN: We can word smith. We got the basic idea.

MR. NERUD: Yes.

MR. RYAN: Okay. So, this one goes away now.

MR. NERUD: Well, we still have 8. Where's 8?

CHAIRMAN HILL: Eight's down on mine because that's the possession limit. That's a real short one.

MR. RYAN: Let me -- let me park this because we may want that second bullet in there somewhere.

CHAIRMAN HILL: It's next to the last --

MR. RYAN: I'll just park it at the end. Okay. Develop and test the system. Integrate the Agreement States in the development process. Plan

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roll out and implementation. I can say words on that. Web-Based Licensing Resource Tracking responds directly to the GAO. This is the summary of the Web-Based Licensing. Responds directly to the threat identified within GAO. Provides a risk-informed response and integrates with improvements in the licensing process is being considered by staff. This is recommendation 5.

CHAIRMAN HILL: That's mine.

MR. RYAN: All right. So, can we just put a -- Thomas E?

CHAIRMAN HILL: Yes.

MR. RYAN: And what's the title of this section?

CHAIRMAN HILL: I got recommendations 5, 6, 7 and 8.

MR. MCCRAW: All the stuff that's left over.

MR. RYAN: And battling cleanup from the great state of Georgia.

CHAIRMAN HILL: And this is talking about the tools that the Panel recommends be provided to licensing personnel through the threat awareness program. Tools and training necessary to make risk-informed decisions.

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MR. RYAN: How about that?

CHAIRMAN HILL: Okay.

MR. RYAN: You can say necessary. I'll just say tools and training.

CHAIRMAN HILL: Okay.

MR. RYAN: Aware of security aspects of risk-informed decision making. Report and investigate suspicious -- there you go.

CHAIRMAN HILL: And then the information management databases such ChoicePoint and I figured I end up with a statement resources to support this effort will need to involved planning for NRC and Agreement State participation during development and roll out and ongoing support for continued use of the system.

MR. RYAN: Okay.

CHAIRMAN HILL: Recommendation 6, licensing process and procedures course and this one is security needs to be incorporated into the licensing process and procedures course. It's the primary course of NRC and Agreement State license reviewers and we learned that the Commission and Agreement State license inspectors are already -- received training specific to inspecting for compliance of increased controls and the staff has

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begun to outline challenges to incorporating security into the licensing process and procedures course.

MR. RYAN: And the whole point of this slide is this -- we're encouraging this.

CHAIRMAN HILL: We're encouraging --

MR. RYAN: You want to get that in that the Panel is encouraging.

CHAIRMAN HILL: Okay.

MR. RYAN: Something like that.

CHAIRMAN HILL: And this is the import/export and this is we're basically saying that we encourage the import/export OIP to follow the recommendations in 1.

MR. RYAN: And we basically clarify the details of that --

CHAIRMAN HILL: Yes.

MR. RYAN: -- which is staff.

CHAIRMAN HILL: And that -- I've gotten a double parentheses down there in the comments. I'm not so sure I want to leave that, but anyway, I've got it. That was --

MR. RYAN: Well, what -- I do it for notes because nobody's going to see the notes except you in your book.

CHAIRMAN HILL: Um-hum.

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MR. RYAN: Okay. Just put it down in notes.

CHAIRMAN HILL: Yes.

MR. RYAN: And if you want to have other stuff down below in notes --

CHAIRMAN HILL: You can do that.

MR. RYAN: You know, different from what you're going to say. You can always have additional material down there on the notes. That's helpful, too, sometimes. You want facts and figures in notes. Stuff like that.

CHAIRMAN HILL: And this is number 8. We learned that about 10 percent of the licensees have possession limits without upper bounds. So, we recommend that NRC and Agreement States continue to encourage licensees to carry only as needed --

MR. RYAN: Sorry.

CHAIRMAN HILL: That's all right. Carry only as needed amounts and that we recognize that that may not be appropriate for medical licensees 35.100, 200 and 300. Unsealed stuff.

And then I -- this slide here I don't know whether it's needed or not. I said do something. This is basically a reiteration. It says what our observations and recommendations are.

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MR. NERUD: What if we're not?

CHAIRMAN HILL: We'll take your questions whether we want to or not now.

MR. RYAN: We don't need that one. That's close enough.

CHAIRMAN HILL: Because the --

MR. RYAN: That's about it.

CHAIRMAN HILL: Yes, just basically what I was doing there on the wrap-up was going right back to page 1 of the letter. Was the outline that we had done and I said I don't care. Do something to bring it to a close.

MR. MCCRAW: That very first line with the speaker notes on the first slide, make sure you flip-flop it. Address Commissioner Jaczko, then Commissioner Lyons. They are very sensitive about their --

CHAIRMAN HILL: Okay.

MR. MCCRAW: -- pecking order.

CHAIRMAN HILL: Thank you. Okay.

MR. NERUD: There's an order?

MR. MCCRAW: Plenty of order put on the Commission. Although Chairman Klein's the newest. He's the chairman. So, he's always addressed first, but then it goes by order of service.

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MR. NERUD: Did not know that. That helps.

MR. RYAN: They don't have rank. So, it's hard to figure out. Tom, I was trying to figure out -- how about I just park your opening summary here. You may want to say, you know, our report contains ten recommendations and we're going to group them by topic, you know, and each -- you know, each one of us will present various topical areas to you or something. You may want to just give them a little forecast to how the briefing is going to do.

CHAIRMAN HILL: Okay.

MR. RYAN: Although, they will have the slides ahead of time.

CHAIRMAN HILL: Yes, and our -- I think they also -- the text of our comments goes 24 hours in advance.

MR. MCCRAW: No.

CHAIRMAN HILL: It doesn't?

MR. RYAN: No, our slides go, but not our notes.

CHAIRMAN HILL: Our slides. Okay.

MR. RYAN: Our speaking notes are our own.

CHAIRMAN HILL: Speaking -- okay.

MR. RYAN: Is that enough chew on and

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think about for tonight?

CHAIRMAN HILL: Oh, gosh, yes.

MR. RYAN: Okay. Let's see. Okay. I'm going to save both the document and the presentation and e-mail it to the three. Does that work?

MR. NERUD: And if you could save it on that thumb drive there, it would be --

MR. RYAN: Okay.

MR. NERUD: -- good for me also.

CHAIRMAN HILL: While Mike's saving that, we're I think about ready to wrap up for the day. Let's give an opportunity for our public to make comments, recommend suggestions. Okay. No comments from them. So, but we appreciate your attending today.

Do you have any closing comments for us on schedule? I think I have some notes that I wanted to -- so, just before we adjourn -- now, then I guess I've lost them. Well, I'll just go from what I can remember.

As far as the schedule, we wanted to finish up final comments on our report and have it finalized by the end of the week and also, to have our presentation completed by the end of the week.

One thing that we will discuss is -- make

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you aware of is at 4:00 p.m. on the 17th of March got another meeting to brief the EDO and I think Mike's going to be here with other business and I know I'll be coming up that day and Ben, I don't know if you want to come and join that half-hour briefing at 4:00 on the 17th of not.

MR. NERUD: Okay.

CHAIRMAN HILL: But, we'll leave that to you.

MR. RYAN: Okay. Everybody's got those now on their e-mails. Do your stick, too?

MR. NERUD: Here's Tom stick and mine is already in there.

MR. RYAN: Oh, okay. Well, I'll just save it to you as --

CHAIRMAN HILL: Schedule for tomorrow. Possible changes, Aaron?

MR. MCCRAW: That Materials Program Working Group is briefing at 9:00.

CHAIRMAN HILL: At 9:00.

MR. MCCRAW: If you gentlemen wrap up early, there is an opportunity to go see a demonstration of National Source Tracking System, but that would have to be after we adjourn. That tour is scheduled to start at 1:30 and we're scheduled to go

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until 4:30.

CHAIRMAN HILL: So, we have the possibility of having a tour of that at 4:30 -- at 1:30, but would require us to adjourn early as Aaron says. Any --

MR. RYAN: Well, if we have a good morning, there's no reason we won't be done it seems to me.

CHAIRMAN HILL: Yes. And --

MR. NERUD: I think that's something we play by ear tomorrow.

CHAIRMAN HILL: Okay. We can get the final wrap-up done then by noontime on Friday.

MR. RYAN: It just hit me because I sent an e-mail and a copy for me.

MR. NERUD: Sure.

CHAIRMAN HILL: Well, is there anything else to be covered before we close today?

MR. RYAN: Not by me.

MR. NERUD: Not by me.

CHAIRMAN HILL: We'll stand adjourned until 9:00 a.m. tomorrow morning.

(Whereupon, the meeting was adjourned to reconvene tomorrow at 9:00 a.m.)

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