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U.S. NUCLEAR REGULATORY COMMISSION

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COMMISSION MEETING

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ALL HANDS MEETING

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TUESDAY,

MAY 27, 2008

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The above-entitled matter convened at 1:30 p.m. in
Salons A-C of the Marriott Bethesda North Hotel, 5701 Marinelli Road,
Rockville, Maryland.

COMMISSIONERS PRESENT:

DALE E. KLEIN, Chairman

GREGORY B. JACZKO, Commissioner

PETER B. LYONS, Commissioner

KRISTINE L. SVINICKI, Commissioner

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ALSO PRESENT:
BILL BORCHARDT, EDO
DALE YIELDING, NTEU

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

1:31 p.m.

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3 MR. BORCHARDT: Good afternoon. Welcome to
4 the 17th Annual All-Hands Meeting of the Staff and the Commission.
5 I'd like to thank each of you for attending this meeting and especially
6 Chairman Klein, Commissioner Jaczko, Commissioner Lyons and
7 Commissioner Svinicki for taking the time to meet with the staff and
8 provide this opportunity for discussion of topics that are of high
9 interest to all of us. We place a high value on the full participation
10 and I want to thank you for your continued support of this important
11 meeting.

12 My name is Bill Borchardt, the Executive Director for
13 Operations. Over the last five years, we have all benefitted from
14 having Luis Reyes as the EDO and I'm sure as you know Luis agreed
15 to defer his retirement and stay with the NRC by moving back to
16 Region II as the Regional Administrator. I would like to thank Luis for
17 his exceptional leadership as the EDO and to thank his family for the
18 sacrifice that they have made over the last five years. No one will
19 miss Luis more than I.

20 (Laughter.)

21 I look forward to working with you in my new position
22 and welcome your comments and ideas on how we can continue to
23 make the NRC the premier nuclear regulatory agency in the world and
24 a great place to work.

25 In addition to the Headquarter staff attending this
26 meeting, the staff in the regions and at the Technical Training Center

1 are able to view the meeting by video broadcast and the resident
2 inspectors are receiving the audio portion of the meeting.

3 The purpose of this meeting is to facilitate
4 communication between the Commission and the Staff and for the
5 Commission members to share their perspectives on
6 accomplishments and challenges and to provide specific insights
7 through answers to your questions. The Chairman and each
8 Commissioner will begin the meeting by making some remarks.

9 The remainder of the meeting is for questions and
10 answers. There are microphones placed throughout the room for your
11 questions. We have also handed out question cards if you would
12 prefer to write your question. You can pass it to one of the volunteer
13 staff and these questions as well as those phoned in from the regions
14 and from the sites will be read by our volunteers.

15 Our volunteer readers today are Susan Cusseaux,
16 Jeffrey Mitchell, Quynh Nguyen, Susan Smith, Renu Suri and
17 Mauricio Vera. Thank you for your help today. Our sign interpreter is
18 Sara Forbes from Partners in Sign, Inc. And I'd also like to thank all
19 of the ushers who are helping make this meeting possible. I'd like to
20 acknowledge the senior staff seated in the front rows and the officials
21 of the National Treasury Employees Union that are here with us
22 today.

23 It is now my pleasure to turn the meeting over to
24 Chairman Klein.

25 (Applause.)

26 CHAIRMAN KLEIN: Well, thank you, Bill, and good

1 afternoon and I thank all of you for coming. If our agency continues to
2 grow, we may have to put a balcony in order to fill the auditorium to its
3 maximum.

4 Let me also welcome as Bill did those from other
5 regions that are watching either on the video or by webcasting. I
6 won't speak that long today. As most of you know from being in the
7 academic world, I'm sort of programmed to speak in 50 minute
8 increments. But I'll keep those much less than that today. We have
9 some comments from other Commissioners that we all want to hear
10 from and then Dale Yielding from the Union will have a chance to
11 make some remarks at the end.

12 This is the first All-Hands Meeting in quite some time
13 that we have not had Ed McGaffigan here. So that's certainly a sad
14 aspect for us beginning the activities. I think we all miss Ed. If
15 nothing, it was always with great anticipation to anticipate what he
16 was going to say at meeting like this. As those of you who have
17 worked with Ed know, he didn't pull any punches. I would ask SECY
18 how she's going to translate all of these napkins and pieces of paper
19 into his official records. But I'm sure that she's working hard to do
20 that.

21 Ed would be very gratified with our newest
22 Commissioner, Kristine Svinicki, that she pursues technical details
23 and technical excellence just like he did. I think those of you who
24 have met Kristine certainly realize what a valuable asset she will be to
25 this agency and we're certainly glad to have you aboard, Kristine.

26 Kristine brings a lot of experience to the NRC from

1 the Wisconsin Public Service Commission at the Department of
2 Energy and also Senator Craig's office, Idaho Operations Office and
3 the Senate Armed Services Committee. Kristine mentioned to me
4 recently how impressed she was with the responsiveness and the
5 expertise of the Staff.

6 This reinforces what we already knew. That is the
7 greatest strength of the NRC is not our physical resources or
8 equipment and certainly not our office space at the moment. Our
9 greatest strength always has been and always will be our people.
10 That's what makes us really the great agency that we are.

11 On that point, I'd like to say a few words about the
12 reordering of the senior management at the NRC. As Bill indicated,
13 Luis has gone back to Atlanta, joined with his family, and so I'm sure
14 Luis is listening today. We clearly just made it a one-way mike so that
15 --

16 (Laughter.)

17 -- we would get on with the program so to speak. But
18 it really was an honor to work with Luis and still work with Luis in his
19 capacity at Region II. As Bill indicated, he really did an excellent job
20 as EDO and trained Bill well to accomplish his activity.

21 As you know, Bill is new in his position of EDO, but
22 he's not new at the agency. We also have announced Jim Dyer as
23 our Chief Financial Officer and again he's new in that position but
24 certainly not new at the agency.

25 The Commission has a great deal of confidence in all
26 of the changes we've made recently with our senior management. As

1 I told a group of industry executives recently in Chicago, a lot of
2 people might think this changing in staff would indicate a weakness,
3 but I think what it really demonstrates is a strength this agency has in
4 succession planning. We have a lot of people in the great depth and
5 talent of this agency.

6 Speaking of the NRC strength, let me say a few
7 words about our reputation for scientific excellence and technical
8 independence and how we should protect that reputation. You've
9 probably heard a lot of people will comment that the NRC is too close
10 to industry. A lot of people will say that no matter what our actions
11 are. But we need to be aware and not feed that perception.

12 Recently, the challenges that the FAA has had in
13 some of their activities, and regardless of the merits of those
14 accusations and the reaction to the FAA, I think it's very important to
15 realize that we make our decisions and our regulatory actions based
16 on risk-informed decisions and so while I can't decide, or second
17 guess, how the FAA makes their decisions, I do think that we have a
18 strength in how we conduct ourselves.

19 It's not good enough just to be objective. We also
20 have to demonstrate that we are objective. As a lot of you know,
21 living in Washington, D.C., the old saying that perception is reality and
22 sometimes perceptions carry a little bit too strong at this area.

23 I think what's really important about the NRC is that
24 we really have a team player approach at the agency. This is a
25 commitment to open collaborative working environment and
26 encourages all employees to promptly voice differing views without

1 any fear of retaliation. We want the staff to promptly raise concerns,
2 fairly consider the opinions of others and respect their fellow
3 employees and I think we really do a very good job in this area as an
4 agency.

5 In addition to maintaining the technical excellence of
6 our staff, as some of you know, I focused on some of the business
7 practices for the agency. Last year, I talked about upgrading our
8 communications technology and so in addition to now having
9 BlackBerries or as some people refer to them as "CrackBerries" since
10 you can never get away from them, is that we have also done our
11 migration to Outlook and I'd like to compliment Darren Ash and his
12 team for that smooth of a transition I think as one could have when
13 you make changes like this.

14 As you know, this is a part of our larger goal of getting
15 modernized business systems and technology for the agency and
16 what this really is is what we want to do is we want to give you all the
17 tools and resources so that you could be productive in the
18 environment that you're in and continue doing such a good job.

19 I would also like to see a clearer path to White Flint 3.
20 Whether or not we're moved in by the time my term ends I certainly
21 hope concrete is being poured so that we will have a little bit more
22 space and we also need to address the space needs of the regional
23 offices as well. We don't have an unlimited budget. So we have to
24 make choices, but I think we can still make a lot of progress in this
25 area.

26 Let me thank you for what you do for the agency and

1 for the American people. What you do touches the lives of millions of
2 people, not only in the electrical power generation but in medical
3 applications and additional applications of radioactive materials. So
4 with that in mind what I would like to do is have other Commissioners
5 have an opportunity to say a few words and then what we're really
6 here today is to hear from you the people that make this such a great
7 agency.

8 Thank you very much.

9 (Applause.)

10 Commissioner Jaczko, would you -- Are you going to
11 stay there?

12 COMMISSIONER JACZKO: I'll just make my
13 remarks from here. I think this is always one of the more enjoyable
14 times I have at the NRC is the opportunity to have this meeting and
15 while it is still somewhat of a formal affair, I certainly look forward to
16 the opportunity to hear from the Staff and hear your questions. And I
17 really encourage you to ask questions because this is, I believe, one
18 of the few opportunities we have to really have a question and answer
19 session with the staff in a situation in which the Commissioners are
20 answering the questions rather than asking them.

21 This will be now, I believe, my fourth All-Hands
22 Meeting at the NRC and, as the Chairman indicated in his remarks,
23 I've come to learn more and more that I'm here that really the greatest
24 asset that we have as an agency is the people that work here. And
25 I'm always amazed when I have an opportunity to talk to people to
26 hear about their backgrounds and the expertise that they bring to this

1 agency.

2 Ultimately, it is the work that all of you do that allows
3 us to succeed and to fulfill what is in my view an extremely important
4 mission and responsibility that this agency carries out on behalf of the
5 American people. So, with that, I certainly thank you for your
6 dedication and then I look forward to hearing your questions and
7 hopefully engaging in interesting discussion.

8 Thank you.

9 (Applause.)

10 CHAIRMAN KLEIN: Commissioner Lyons.

11 COMMISSIONER LYONS: I'd like to add my
12 welcome to all of you who are joining us both in the room and in the
13 regions around the country. I very much appreciate the interest that
14 you are displaying by your participation today.

15 Our Chairman already mentioned the absence of Ed
16 McGaffigan, an absence that we all sorely feel on a daily basis. I'd
17 also like to join the Chairman in congratulating our newest
18 Commissioner, Kristine Svinicki, and congratulating Commissioner
19 Jaczko on his second term. So those are two Commissioner slots
20 that will be providing some long-term stability for the Commission
21 looking into the future.

22 I certainly want to save the majority of time for your
23 comments and questions and I just jotted down a few of what I would
24 call accomplishments and challenges as I look back on the last year
25 or so. Just to list accomplishments first, I'd start with the safe
26 operations of reactors and materials licensees. That's certainly our

1 overriding, overreaching responsibility and one that we obviously have
2 taken very, very seriously.

3 I also noted the progress that has been made on
4 some very, very challenging materials issues in conjunction with the
5 Agreement States where we're looking at very difficult issues such as
6 the fingerprinting and another I'd mention would be the development
7 of the National Source Tracking System. The reactor teams have
8 been doing a fabulous job on docketing new applications as they
9 come in and that also carries over to some of the applications that will
10 be coming in in the materials area as well.

11 And I guess the last of the accomplishments that I
12 jotted down would be the accolades that all of you received on the
13 NRC being a great place to work. I think clearly it is a tribute to
14 everyone in the organization starting with -- just covering the entire
15 organization from the administrators, Office of Administration, through
16 the technical people. You all have vital, challenging roles that keep
17 this organization functioning and well respected.

18 In the way of challenges, at least some that I jotted
19 down and we all have our own lists, but some that I jotted down, the
20 GAO sting certainly has led to a number of challenges in the materials
21 area. I jotted down a number of reactor challenges which on the one
22 hand you would say are licensees' challenges, but they certainly in
23 many cases reflect on the NRC and provide challenges to us, too.
24 Just the ones I jotted down would be Palo Verde in Column 4, the
25 Vermont Yankee cooling tower, the sirens at Indian Point and the
26 Peach Bottom inattentive guards. And any of you could come up with

1 other lists or longer lists.

2 And another challenge would be the space issues
3 which are clearly impacting many of you. We have a path forward.
4 Again, our folks in Administration have done a fabulous job there in
5 trying to move ahead in that direction, but space issues are a real
6 challenge for the organization.

7 I'll close just by noting that we have a fabulous staff. I
8 have been constantly impressed as I have been here now about four
9 years with the caliber and the dedication of that staff. And I thank
10 each of you for your own personal contributions to safety and security
11 of radioactive materials across the country. Thanks.

12 (Applause.)

13 CHAIRMAN KLEIN: Thanks, Pete. Commissioner
14 Svinicki.

15 COMMISSIONER SVINICKI: Thank you, Mr.
16 Chairman, and thank you for the kind remarks you made at the
17 beginning. If I reflect on it, I'm very humbled to have my services as a
18 Commissioner even mentioned in the same breath with Ed
19 McGaffigan. I am constantly aware of the individuals who've come
20 before me and now I serve alongside three gentlemen who I respect
21 so deeply.

22 And I do have an anniversary of sorts coming up
23 tomorrow. It will be two months that I've been here.

24 (Laughter.)

25 So I know that the agency has a lot of new staff. I
26 would comment that I feel a special kinship with being a new person

1 here and learning the culture and meeting the people.

2 On that point, I have to second what the Chairman
3 has already indicated is I suspected it before I got here because of
4 the reputation of this agency is well-known in Washington, D.C., but
5 every day it's re-verified for me the excellence of the staff here and I
6 can tell you that it makes my day-to-day job of trying to learn what it is
7 to be a Commissioner and to be a Commissioner that much easier.
8 So thank you for removing something that might have been a worry or
9 a concern of mine. But I have so much help and support and
10 everyone has been so welcoming. So I'm very grateful for that.

11 I am still -- maybe this is something I shouldn't admit,
12 but two months in, I'm still very much in a mode of listening and
13 learning and I am learning so much from all of you. It isn't my style to
14 come in and say that I know all the answers. Folks who are here,
15 many of you have worked here for a very long time and I'm guided by
16 your wisdom and experience. So thank you for sharing that with me
17 and being candid about, in your view, what needs to be done and
18 where we should go from here.

19 So today is about listening more than talking and I get
20 to listen to us talk an awful lot. So thank you, Mr. Chairman.

21 (Applause.)

22 CHAIRMAN KLEIN: Thanks, Kristine. Now we'll
23 come to that part of the program that's always fun for us as well as I
24 hope for you and that is to hear what your questions and concerns
25 are. My understanding is that there's two microphones at the front
26 and they're supposed to be working and for those that would like to

1 pass your questions via card I think we have some of those available
2 as well.

3 We'll start with my left.

4 PARTICIPANT: Yes, sir. In light of the rapidly rising
5 estimates for new reactors, some as high as \$16 billion for dual unit,
6 1400 megawatt reactors, do you anticipate some of our new
7 combined license applicants backing out of these projects due to their
8 inability to finance their construction?

9 CHAIRMAN KLEIN: You know, when I think you look
10 at the new reactors, there's a lot of unknown unknowns out there and
11 one of those is being cost and with the high cost of commodities,
12 that's going to be, I think, a challenge for the utilities. As most of you
13 know, there are two broad categories, actually three, I guess, that we
14 should look at for utilities, those that are still regulated and then the
15 merchant plants and then you have those that are in the Public Power
16 Association. I think those that are still in the regulated environments
17 are the ones that we will probably see forward motion the quickest. I
18 think loan guarantees will help.

19 It's not clear who will be the first to actually turn the
20 dirt and which reactor will be the first to turn out electricity. But I think
21 we will have some bumps in the road. Our job as a regulator as you
22 know is not to be a promoter or an opponent of nuclear power. But I
23 think we will see some twists and turns as the plants go forward.
24 Ultimately, I believe most of the plants that we received the COLs on
25 will go forward, but some may get slowed down a little bit due to
26 uncertain economies.

1 Any comments from my fellow Commissioners?

2 COMMISSIONER JACZKO: I guess I would just say I
3 think that probably the answer to that question is I think there will be
4 some that because of the cost will probably not move forward.
5 Particularly I think with the new Part 52 process, we have switched
6 around the process so you license first and build second which
7 changes the financial risk equation significantly because the licensing
8 is a much less of a financial burden, I think, on any entity.

9 So I think for many of those COL applications that
10 we're looking it certainly won't be built on the timeframe that they
11 came in as applications and I suspect that many projects won't be
12 constructed, if again, if the licensing process is successful because of
13 the cost.

14 COMMISSIONER LYONS: If I could just add. I
15 certainly agree with what my colleagues have said. But in my own
16 mind, I'm guessing that the COLs that we're anticipating for the most
17 part will proceed. For the most part, I think the licensees have largely
18 completed the bulk of the investment in the COL process. So I'm
19 anticipating the majority of them coming in on schedule.

20 But I agree with my colleagues that once the COL is
21 in hand, then there will be other realities, other uncertainties, that
22 come in. Commodity prices will certainly be one of them. I wouldn't
23 be at all surprised to see some stretching perhaps in the construction
24 schedules, but that will be up to industry and I think we'll just have to
25 wait and see what happens. But at least for the foreseeable future
26 which is our COL challenge, my guess is we're not going to see any

1 dropouts in the near future.

2 CHAIRMAN KLEIN: Commissioner Svinicki.

3 COMMISSIONER SVINICKI: I'm not sure I have any
4 specific predictions to add to that, but I think in my brief observation
5 what's comforted me is that the agency appears to be very much
6 leaning forward and not allowing uncertainty or skepticism to guide its
7 own readiness to execute what will be necessary in the years to
8 come.

9 CHAIRMAN KLEIN: Next question to the right.

10 PARTICIPANT: Okay. I have a question from
11 Region I. Is the agency strongly considering four day work weeks in
12 light of the gasoline prices?

13 (Laughter.)

14 CHAIRMAN KLEIN: Good question. You know, I
15 think the agency has flexible work already in place, flex schedules. I
16 think all of us feel the pain so to speak when we pull up to the pumps.
17 But I think again we let a lot of those decisions be made on
18 telecommuting and how you do that to the project managers. We
19 have a process in place that allows that.

20 I'm not sure that any of the regional offices
21 necessarily will go to a four-day work week. I've always thought that
22 what's great about a four-day work week is that it sort of gives the
23 excuse maybe take a little bit of time off now and then. I always
24 harass my staff that I only have to work 12 hours. You know, the
25 government pays me for 24. So I only have to work 12 hours a day.
26 So I only have to work half-days.

1 I think we will take advantage where appropriate on
2 the flexible schedules. But again, I would leave that up to the
3 program managers.

4 Question to the left.

5 PARTICIPANT: Given all the hearings, briefings,
6 correspondence and day-to-day interactions we have with Congress,
7 what is our relationship with Congress? Is it appropriate for what's on
8 our plate and how does it compare to other agencies?

9 CHAIRMAN KLEIN: I think one of the strengths we
10 have as an agency is being proactive with our 535 advisors. What I
11 have often told Becky Schmidt who heads up our Office of
12 Congressional Affairs that I never want to go see an elected official for
13 the first time with a problem. I want to already have a relationship
14 established so that they know what we do and how we do it and why
15 we do what we do and that we do it very well, explain to them our
16 process and procedures to the extent that they want to know those.

17 But I think in general I think we have a good
18 relationship with Congress. We obviously have those that are not as
19 supportive as others. But I think the classic example of having a good
20 relationship was the inattentive guard issue on Peach Bottom when
21 we had the hearing. We obviously didn't do as well as we would have
22 liked internally as an agency. It didn't look good on the industry to
23 have inattentive guards.

24 But Senator Carper had spent an entire day with me
25 at Peach Bottom going through and looking at issues. So we spent a
26 lot of time in trying to educate not only the Congressional elected

1 officials but their staffs on what we do and that's an area that I think
2 we have to continuously be proactive and that and also the Public
3 Affairs Office to let people understand how we operate, what we do.

4 But I would say right now that clearly the Oversight
5 Committee is the Oversight Committee and they have a job to do and
6 we have a job to do as well and then the three most important things
7 we can do are communicate, communicate and communicate.

8 COMMISSIONER LYONS: I would only add that I
9 certainly concur with what the Chairman has said. I also think that
10 outreach in the regions at their level, to the state offices of the
11 Congressional delegations, and to elected officials within the
12 particular regions is also very appropriate and very useful in terms of
13 helping them to have a broader understanding of what the NRC is all
14 about.

15 COMMISSIONER SVINICKI: Well, having so recently
16 arrived from Capitol Hill, I would say to the last question which was a
17 comparison with other departments and agencies, the answer would
18 be the relationship is better than most.

19 CHAIRMAN KLEIN: Next question.

20 PARTICIPANT: I understand that ADM, HR and
21 SBCR will no longer report directly to the EDO but to the CIO. Can
22 you please address the organizational philosophy and benefits?

23 CHAIRMAN KLEIN: Well, for one thing, that's not
24 quite true. I think for the moment we will continue having HR and Ren
25 Kelley's organization report to the EDO. I think any time there's a
26 change including the four of us sitting here at this table we often times

1 ask why, why are we structured a certain way and is there a way we
2 can do it better. And I think certainly with Bill Borchardt coming in as
3 the EDO he needs to look at the organization that he has that he
4 believes will be the most effective.

5 We probably will have ADM likely report through
6 Darren Ash. We have not made that decision yet, but I think for the
7 moment I feel comfortable having both HR and Ren Kelley's activities
8 reporting directly to the EDO. For one thing, I think it sends a signal
9 that those functions are very important and therefore it goes directly to
10 the EDO. At the same time, if there's a better way to do it, we always
11 want to look at that.

12 And again, I think we should listen to our employees.
13 If you think there's a better organization, that we can do things in a
14 better way, we'd like to hear it because what we want to do is continue
15 to be the best place to work and also be efficient in the process.

16 Question on the left.

17 PARTICIPANT: Employees are being encouraged to
18 speak out on matters of professional concern without any fear of
19 retaliation. Can you expand on what is currently being done and what
20 more could be done to ensure that managers at all levels including
21 first line supervisors listen to concerns that are voiced and take them
22 seriously?

23 CHAIRMAN KLEIN: I think in an organization,
24 particularly a regulatory organization, it's very important that
25 individuals always feel that they can bring up issues with no fear of
26 retaliation. I think that is extremely important for us and I think we

1 need to demonstrate that in all ways that we can.

2 That doesn't mean that there will still be unanimous
3 consent. As I've heard many times, honorable individuals have a
4 legitimate difference of opinion. But I think as an agency what we
5 would like to do is make sure that those differences, if they are, that
6 they're aired, they're discussed, and at the end of the day we need to
7 make decisions and move forward. I think that we do this.

8 I know when I meet with the senior management we
9 talk about this all the time. I know when we go out to the regions we
10 always talk about that and we certainly expect at the nuclear plants
11 that those individuals also have the ability to raise issues with no fear
12 of retaliation.

13 I think for us as a regulatory agency we need to
14 ensure free communication both at the plants and within our own
15 agency and I think we do that very effectively as a group and, again, I
16 think you should not expect always to have your view always win
17 because people will have a different view. But we definitely want to
18 hear those views and make the best decisions we can.

19 COMMISSIONER JACZKO: I guess I would just add
20 that since I've been at the Commission one of the significant changes
21 that I think I've seen has been the inclusion of a non-concurrence
22 process in the concurrence process, I guess, to say it that way and I
23 think that's really been an enhancement that will provide an
24 opportunity for some of these differing views to more easily find their
25 way up to the Commission.

26 We've always had the Differing Professional's

1 Opinion Program and Differing Professionals' Views Program, well,
2 not always, but we've had that for a much longer period of time and I
3 think that program provides a more formal mechanism to address
4 differing technical views. But I think that the introduction of the Non-
5 concurrence Program will really provide a less rigorous manner in
6 which to raise differences and there have already been a series of
7 papers that have come to the Commission that have had non-
8 concurrences on them and I think it has added certainly to the debate
9 at the Commission level and provided for better decisions.

10 CHAIRMAN KLEIN: Commissioner Jaczko had
11 mentioned the Non-concurrence Option and that was a program that
12 worked, I think, very well at the Department of Defense. When
13 documents were coming forward, it would have basically a track or
14 statement that had people's opinions if they non-concurred. That
15 didn't mean that a non-concurrence stopped the process. That meant
16 that that non-concurrence was noted. People would move that to the
17 next level and continue on and I think that will make us a stronger
18 agency having that aspect work.

19 It doesn't need to be very necessarily, a rock solid,
20 formal program. But it does give, I think, all the managers and the
21 Commissioners more information.

22 Next question.

23 PARTICIPANT: Would the Commission clarify where
24 we stand with respect to the risk-informed and performance-based
25 regulatory initiatives taken in the 1990s?

26 CHAIRMAN KLEIN: I think from my perspective risk-

1 informed regulatory activities have been a key strength to our agency.

2 It lets us concentrate on those issues that have the most impact and I
3 think all of the Commission, I'll let my fellow Commissioners speak for
4 themselves, but I think it makes us a better regulatory agency to do
5 those on a risk-informed performance basis because that way we can
6 concentrate on those issues that would have the most impact.

7 COMMISSIONER JACZKO: I think -- where do we
8 stand? I'm not sure. We probably have made less progress in areas
9 that some people think we should of and perhaps more progress in
10 areas than people think we should have. So I think it depends a little
11 bit, I think, on what your perspectives are.

12 The issues that I continue to see, I think, with the risk-
13 informed regulatory approach has really come down to the limitations
14 of our ability to do a lot of sophisticated calculations at this point and I
15 don't mean that in the sense that we don't have the ability to do them.

16 I think we don't really yet have the full kinds of analysis tools that we
17 would like in order to really be able to fully incorporate risk-informed
18 processes into our decision-making.

19 We still in the reactor arena are by and large an
20 agency that has a regulatory infrastructure that is built upon this so-
21 called deterministic regulations. We have an oversight process that is
22 rooted a little bit more in the risk-informed, but that's the oversight
23 process not necessarily the underlying regulatory infrastructure. So I
24 think progress will continue to probably be slow and I think it will
25 probably continue to be slow mostly because the model development
26 and the probabilistic risk analysis technology which is really the basis

1 for this new wave of risk-informed regulation is probably not as
2 advanced as it could be to really move more in this direction.

3 And I think I would just add that I think it's also
4 important to keep in mind that we do have to do this with some
5 caution because there is a lot of -- there is far more ability to calculate
6 numbers out there, I think, than there is really the ability to understand
7 what it is that we're calculating and it's very important not to substitute
8 the ability to calculate from really the ability for that analysis to have
9 meaning when it comes to our regulatory decisions.

10 So I think there's still a ways to go for developing the
11 infrastructure and for developing the kinds of tools and technologies
12 and techniques that we really need to make this work.

13 COMMISSIONER LYONS: I certainly strongly
14 support the continued move wherever possible towards risk-informed
15 and performance-based initiatives. As Commissioner Jaczko said,
16 some would say we haven't moved as quickly as we could. But there
17 are real challenges in doing so and continuing to develop the models
18 that underpin the PRA analyses are certainly one of perhaps the
19 pacing items in how fast we can move in this area.

20 One that I have been and remain particularly
21 interested in looking into the future is what the Commission may
22 eventually decide to do on 50.46a which to me is a particularly
23 interesting one and has had quite a number of years of analysis at the
24 staff level and certainly at the Commission as well. I don't know
25 exactly when that will be coming up, but that will be one of the
26 challenges that the Commission will be looking towards in terms of

1 possible further expansion of the risk-informed, performance-based
2 activities.

3 CHAIRMAN KLEIN: Next question.

4 PARTICIPANT: What has been done to promote
5 educational curriculum in academic institutions so that technical
6 expertise can be sustained?

7 CHAIRMAN KLEIN: That's a great question coming
8 for someone who spent a lot of time in higher education. If you look
9 at the demand for people just on the existing reactors when you look
10 at the number of retirees that are coming and then you look at retirees
11 in other agencies like the Department of Energy, the National Labs
12 and certainly we're all familiar with the retirees in our own agency, by
13 2009 we will have one-third of our agency will have three years or less
14 experience and so we're going through a fairly significant transition
15 which means we need to hire both experienced and new graduates.

16 One of the programs that is one in which I think we
17 have an opportunity to excel in and that's the program that was moved
18 from the Department of Energy to the NRC for fiscal year '08. This is
19 an education program and it also includes trade schools and some
20 new faculty initiatives. This is a \$15 million program and one of the
21 things that really, I think, will help us as an agency is that it will get our
22 name out more in the university environment so that we can continue
23 to recruit the best and brightest.

24 In terms of the academic programs, a lot of academic
25 programs that had cut back or even curtailed in nuclear engineering
26 are now being revived. The same thing for health physics. But as we

1 look towards the total workforce area that we really need to watch and
2 that is where will we get the nuclear CEOs at the plants. As I've told
3 my colleagues when I speak at nuclear conferences, you don't take
4 someone in a power plant, send them to charm school for two weeks
5 and just make him a nuclear CEO. We really need to have, I think, as
6 a nation a program much like the flag officer program in the military
7 that really grooms people for these positions over a number of years.

8 In addition, we also need to look at the skill craft that
9 are starting to build these facilities whether it's the refurbishment of
10 things like Browns Ferry Unit 1, the MOX facility at Savannah River.
11 There will be construction activities. And so it's going to be a
12 challenge, I think, for the nation to meet this new workforce.

13 When I met with the individuals at Browns Ferry Unit
14 1 when they were going through the refurbishment, they were 75
15 welders short of what they wanted and what that meant is that it
16 stretched out the schedule. As we move forward with the licensing
17 process and the utilities start constructing these new facilities, then
18 we'll have to look at the manpower needs as this continues. But I
19 think for us in the near term is having an opportunity to further the
20 educational program through this nuclear engineering/health physics
21 program that Congress provided in fiscal year '08.

22 But I think all of the Commissioners, when we give
23 speeches, we certainly encourage both men, women and minorities to
24 go into the sciences and engineering because as a nation we really
25 will have a shortage of that. For us, the nuclear and health physics
26 slice of that is certainly a critical one. But as a nation, we don't turn

1 out nearly as many individuals that we would like to see in the
2 sciences and engineering and that will have implications of
3 competitiveness in the future.

4 So this one program gives us an opportunity in a
5 narrow area to help. But I think all of us need to encourage certainly
6 women and minorities to go into the science and engineering fields
7 because if we don't do that we're going to be missing a great talent
8 pool that we will need as a nation.

9 COMMISSIONER SVINICKI: I'm not sure this is
10 exactly to the question or to what they were getting to but I want to
11 add to what the Chairman just said. I had an opportunity last week to
12 meet with Ren Kelley and to view some of the posters and printed
13 materials for HBCU and minority-serving institution outreach and I was
14 so impressed. I know from what I understand, Ren, if I'm
15 remembering this right the program is only about a year old and has
16 already been recognized, I think, by the White House as a very
17 effective outreach program. So I credit the folks who are working on
18 that and I would encourage us to move forward with those programs
19 and I was so impressed with what I saw last week.

20 COMMISSIONER JACZKO: I guess I would just
21 touch a little bit on what the Chairman said and I think in general
22 certainly as a nation we do lack, I think, an interest in moving into
23 math, science and engineering fields which as he indicated is
24 extremely important. And we're often asked questions, I think, of this
25 nature and it's important to remember that we rely on a whole host of
26 engineering and science and health physics professions as the

1 Chairman indicated to ensure that we can do the work that we have to
2 do as well as computer scientists and a variety of other different
3 fields.

4 And I'm always shocked when I hear the statistics
5 and, in particular, in computer sciences and computer engineering
6 that the decreasing enrollments in universities is really, I think,
7 something that as a nation we have to take a look at. Because it will
8 ultimately affect our ability to be competitive and to continue to excel
9 as a nation. So in many ways these questions are beyond the
10 responsibility that we have as a regulatory agency, but they certainly
11 are important issues that, I think, we address as a nation.

12 COMMISSIONER LYONS: To just add a little bit to
13 what my colleagues have already said, I think all of us on this side of
14 the table receive invitations to speak at universities and colleges
15 around the country. If I'm remembering correctly, our Chairman may
16 have spoken at what at least three universities in the last just couple
17 of weeks. Those are extremely important opportunities and I think we
18 all take those very, very seriously, certainly, as my colleagues have
19 said, to try to encourage interest in science and technology but also to
20 make folks more aware of the mission of the NRC and the career
21 opportunities within the NRC.

22 And then one other area that hasn't been mentioned
23 from the standpoint of the general question of promoting educational
24 curricula, I think we shouldn't lose track of the fact that we have a very
25 strong internal training program at the NRC. We need to continue to
26 evaluate that program to make sure that it's providing the

1 opportunities for appropriate education for the young folks who may
2 be coming in with somewhat less senior standing in this area. Those
3 internal educational programs, I think, are very, very important and
4 really are a significant part of the overall educational curriculum that
5 benefits the agency and along with that would be the Knowledge
6 Management Program which whether you count it as part of an
7 educational curriculum could be debated. But it's certainly a key way
8 by which we are intending to transfer knowledge between
9 generations.

10 CHAIRMAN KLEIN: Next question.

11 PARTICIPANT: As the NRC strives to become as
12 flexible as possible helping employees obtain work-life balance, why
13 do we still close off certain programs to groups of employees? One
14 good example is why is the Leadership Potential Program not open to
15 part-time employees.

16 CHAIRMAN KLEIN: A good question and I have no
17 idea.

18 (Laughter.)

19 I think in terms of, and Commissioner Lyons indicated
20 that, we really are in a lifetime learning mode. I know when I finished
21 my bachelor's degree I thought, "Great. I'll never have to take a class
22 again." That was sort of short-sighted. So it turns out that I think if
23 you look at what we need to do as an agency and Commissioner
24 Lyons indicated we have a lot of training programs within NRC and if
25 there are areas in which we need to do it better we need to hear about
26 it and we'll take a look at it.

1 Next question.

2 PARTICIPANT: Procurements and DOE agreements
3 for amounts greater than \$1 million require Chairman approvals. Has
4 there been any consideration to increasing the dollar amount requiring
5 Chairman approval particularly given the increase in the administrative
6 burden required to obtain it?

7 CHAIRMAN KLEIN: I could have written that
8 question.

9 (Laughter.)

10 COMMISSIONER JACZKO: Maybe I should answer
11 that.

12 (Laughter.)

13 CHAIRMAN KLEIN: You know, I was surprised when
14 I came to the NRC and, as Kristine indicated, she is approaching her
15 two months as I approach -- July 1 I will be here two years. And my
16 budget at the Pentagon was \$6 billion a year and that's with a B. And
17 so I was a little surprised when I saw that I needed to look at contracts
18 of that magnitude because it was just not what I had expected.

19 We are hoping that through the lean Six Sigma
20 process that we can expedite those areas in that the Chairman will not
21 need to look at all of those contracts. There was some guidance
22 given before I came and I think probably two of my fellow
23 Commissioners were here at the time. But there were some
24 questions about contracting aspects, whether we're looking at those
25 systematically as opposed to just a single shoot.

26 And so the question was who then should look at

1 them in a systematic way rather than just one single contract at a
2 time. I think I drew the short straw on that one. So, therefore, the
3 current procedures that we have is to look at those. But that is an
4 area that we need to examine and see if I'm really adding that much
5 value every time I look at those contracts.

6 What I had hoped when I first saw those was look at
7 the data and find out were there shortcomings in the contractual
8 process and there were more errors in those contracts than I had
9 expected and so what we really need to do is work on the contractual
10 process in a more integrated way so that I won't have to look at those
11 and we still will do the right things.

12 I can tell you that more people have gotten in trouble
13 on financial aspects than any other things. So clearly we want to do it
14 right. We want to do it accurate and we want to do it timely and we
15 are looking at ways in which we can be more accurate, more timely
16 and still do it right.

17 COMMISSIONER LYONS: Well, I certainly agree
18 with the Chairman on the need for accuracy and that we do it in a
19 timely fashion. As one of the Commissioners who was here when this
20 came in, I felt then and I continue to feel that it should not require the
21 Chairman's review on contracts of that magnitude. So I'm trying to
22 save you some work.

23 CHAIRMAN KLEIN: Thanks.

24 COMMISSIONER JACZKO: I would just say that
25 certainly from my perspective I think contracts is one of the areas
26 where we probably have the biggest degree of challenge still as an

1 agency. We have as an agency grown very quickly and I think in
2 particular in the area of contracting I think we have some work to do
3 catch up a little bit and I actually -- I believe I predated the initial
4 decision or the initial decision of the \$1 million/\$3 million threshold, \$1
5 million for Chairman review and then \$3 million and above, I believe,
6 is also made visible to the Commission, not for review, but for
7 information and that decision, I think, was affirmed since I've been a
8 Commissioner and certainly while the figures may require some
9 updating simply because of inflation and other aspects like that, I
10 certainly still continue to believe that contracting is something that is
11 important for the Commission to see as we continue to improve our
12 entire fiscal management system looking at not only how we budget
13 money but then also how we spend money in accordance with those
14 budgets. So I certainly think it will be one that is always worth re-
15 examining, but at this point, I think it's still one that's an important
16 threshold and a program to have in place.

17 CHAIRMAN KLEIN: Next question.

18 PARTICIPANT: Do you feel that we are on track with
19 industry's expectations for new reactors?

20 CHAIRMAN KLEIN: You know, we probably will
21 never be on track to meet industry's expectations. But, on the other
22 hand, I think we're on track to meet our expectations. I think what we
23 do is we want to make sure we do it right and we want to do it timely
24 and we want to do it in a predictable fashion.

25 So I believe that the processes that we have in place
26 for these new applications I think we have a structure in place. I like

1 the fact that as Commissioner Lyons indicated we have to maintain
2 those 104 reactors running every day to make sure that those are
3 operated safely and securely and the Office of New Reactors is
4 significantly staffed up. They're going through that process and it may
5 take a little bit longer on the first one because we want to do it right
6 rather than just do it quick. We have something to learn as well as
7 the industry on how we go through these processes. But at this point
8 in time I see no major slippages of schedules that we are holding
9 ourselves accountable to. Again, the first few may be a little longer.

10 One of the things that's, I think, challenging on the
11 COLs is that what we had expected as the process moved forward
12 that the design certs would be already completed. So we're really
13 having to do some things almost in parallel which was not what we
14 really expected but we were sort of overcome by events. So I think as
15 a regulator we just need to do our job the best we can but not totally
16 be driven by external schedules. But we certainly need to be aware of
17 those.

18 When we all meet with our elected officials, that's a
19 question that they often times ask as well is what do we need to make
20 sure we do it timely, accurately and so our 535 advisors are also
21 asking us, you know, are we on track to meet those as a nation's
22 energy needs continue to grow.

23 COMMISSIONER JACZKO: I guess I would just say I
24 certainly agree with, I think, a lot of what the Chairman said and I think
25 it's important to keep in mind that as an agency our focus is on doing
26 the reviews and doing the reviews properly and that schedules are

1 important, but they're not the primary driver for the decisions that we
2 make whether they be external schedules or even internal milestones
3 that we've established.

4 And I think the question perhaps if I were to be able
5 to ask it I would have said is the industry meeting its expectations for
6 schedules and I think asked that way the answer is no and I think
7 what we continue to see is an over promising of the ability to defend
8 and support license applications. We've seen that with design certs.
9 We saw that with early site permits, issues with applications, and I
10 think we're seeing that as well with the COLs that there is still a lack
11 of, I think, clear understanding of what is expected of an applicant
12 when they come forward despite what I think has been a tremendous
13 effort on the part of this agency to provide clear and very
14 comprehensive guidance documents on how to prepare those
15 applications.

16 When I first came to the Commission, one of the very
17 first Commission meetings I ever came to I remember one of my staff
18 persons at the time, Terry Reis, who is now an SES manager, put a
19 little question in for a hearing and I had been here about the same
20 time as Commissioner Svinicki. So I pretty much read what they gave
21 me and there was a question there about guidance documents and
22 updating guidance documents and he told me that some of our
23 guidance documents hadn't been updated in 20 years and I said that
24 couldn't be possible. I mean, the agency was only 25 or 30 years old,
25 about over 30 years old at the time, and sure enough that was the
26 case.

1 In the last couple years we have really made a
2 concerted effort to get those guidance documents updated and I think
3 that has been a tremendous effort on the part of this agency. It's not
4 the kind of things that gets a lot of headlines and gets a lot of
5 attention, but it's the kind of work that laid the groundwork for us to
6 really be able to have a successful program for reactor review. So I
7 think that was an important effort and we have similar kind of work to
8 do in the materials arena now as well. I think there we find ourselves
9 with the same kinds of issues of having guidance documents that are
10 very out of date and need to be updated.

11 COMMISSIONER LYONS: I think I'd react the same
12 as our Chairman did that our job is not to meet industry's expectations
13 and Dale referred to meeting our expectations which I do agree with.
14 But I think as an agency, too, we're constantly challenged to make
15 sure that our expectations are mirroring citizens' expectations and
16 probably the best way that we can, well, probably several ways, but
17 one of the best ways we stay in touch with that is that Annual
18 Oversight Hearings with the EPW Committee and hopefully that can
19 help us calibrate and make sure that the citizens' expectations are
20 reflected in our expectations.

21 COMMISSIONER SVINICKI: Well, it's one of those
22 where everything has been said, but not everybody said it. So I'll
23 throw in my two cents as well. But Commissioner Lyons and I were at
24 McGuire last week and I don't know. Maybe I'm not supposed to tell
25 these stories, but we are asked a question. We were addressing
26 some plant personnel at lunch and the question they had was what

1 keeps you up at night and I think I'm telling this story because I
2 actually had a good answer; whereas, you always think later of your
3 nice pithy answer that you had for that.

4 But I said what's keeping me up at night quite literally
5 are the stacks and stacks of NRC documents that I take home every
6 night and every weekend to read to try to learn all that I can about the
7 issues before the agency. But the more serious answer to the
8 question was what keeps me up or what I worry about is over
9 promising and I think again what are our expectations for ourselves
10 and I think we need to communicate clearly that it will not be easy to
11 achieve what it is we've laid out for ourselves, the schedules which
12 we've laid out externally.

13 So my commitment to all of you and it's the same as
14 all of my colleagues up here, but I'm newer to it so I'll mention it is to
15 be a forceful advocate for anything that you need to do what's
16 expected of you and what you've committed to do. So I would just
17 add that.

18 CHAIRMAN KLEIN: We'll take one more question.

19 PARTICIPANT: Does the increasing number of
20 rehired annuitants indicate that our succession planning efforts are
21 struggling and what is being done to move people into these positions
22 permanently and avoid rehired annuitants?

23 CHAIRMAN KLEIN: I just got corrected. We go to
24 3:30 p.m. and not 2:30 p.m. So we have time for lots more questions.

25 (Laughter.)

26 I think the rehired annuitants is really a good activity

1 for us. (1) We need it to train a lot of the individuals we're having
2 come in. So I think taking a proper advantage of rehired annuitants is
3 good for a lot of those that retire. They don't want to work their
4 normal 40 or 60 hours a week, but they still want to be engaged. So I
5 think the rehired annuitants have helped us in our training activities.
6 At some point in time though we will probably wind that one down as
7 our training is increasing. But I think the proper use of rehired
8 annuitants will make us a better agency.

9 I think the challenge in any organization is you don't
10 want to retrain bad habits. You want to just keep the good stuff. So
11 the challenge, I think, any time you have rehired annuitants is to sort
12 of filter out and make the positive changes that will make us a better
13 agency and not do some of the things that did not necessarily make
14 us a better agency and that I think is a challenge for the senior
15 management of the agency is to use that selective rehired annuitants
16 so that we can focus our vision on where do we want to be in 10 and
17 20 years and what actions do we need to take now to get there.

18 COMMISSIONER LYONS: The question as I
19 understand it asked whether the use of rehired annuitants reflects a
20 problem of succession planning and I can't help thinking that there
21 may be a point here that our succession planning as time goes on
22 and I would say also as part of our Knowledge Management Program
23 can be extended to levels of expertise within the organization that we
24 need to be building.

25 So in that sense I think I would probably agree with
26 the questioner that at least that one part of our succession planning

1 could use some strengthening. At the same time I see any number,
2 just countless, examples where rehired annuitants bring very, very
3 special strengths to the organization, expertise that may not have
4 been effectively transferred, opportunities for mentoring newer staff
5 and I see the rehired annuitants as being a very key part of
6 knowledge management as well.

7 But I do think that if the question is viewed from the
8 perspective of perhaps through the Knowledge Management Program
9 can we do a little bit better job of anticipating some of the staff
10 expertise that we may lose to retirement in the future. Maybe we can.
11 Maybe that is something to look at.

12 CHAIRMAN KLEIN: Next question.

13 PARTICIPANT: Do you think there is more we could
14 do to improve the NRC's image with the general public?

15 CHAIRMAN KLEIN: You know, I think, that's a great
16 question in terms of when I talk to a lot of groups, I think that the
17 employees have a lot to do and can do a lot and not necessarily
18 tooting our horn as to what we do, but to better explain things nuclear.

19 Radiation is one of those areas where you can't see
20 it, you can't smell it, you can't taste it, and so a lot of times people's
21 imaginations get a little carried away on what's really occurring. And
22 so I think one of the things that all of us can do, and that is to talk to
23 our friends, neighbors, areas where we go to church, or shopping, or
24 whenever you have an opportunity, to basically explain what we do
25 and how we do it, so that people will have more confidence in us and
26 the uses of radioactive materials.

1 For those of you that probably were watching it, if you
2 recall when MRIs were first created, they were called NMRs, nuclear
3 magnetic resonance imaging. And so that word was changed to take
4 the "nuclear" word out and created just MRI. And, again, that was
5 because people really had a false understanding and an image of
6 things nuclear. So I think certainly the Commissioners, the senior
7 staff, and all NRC individuals can play a role in helping educate
8 people on energy issues.

9 I'm still amazed when I go out and give talks at a lot
10 of the questions that are asked that we take for granted, because we
11 live in this world, and so things that we just take for granted is not
12 necessarily the case in the general public. So I think we can all be
13 more proactive in helping explain what we do with things that are
14 radioactive.

15 Probably the area that most people will start seeing in
16 the next 10 years things nuclear will be medical applications, because
17 that's the one that will impact them directly. When they flip the switch,
18 you don't necessarily see that blue glow of the electrons coming out.
19 And so they don't really think about where that electricity is coming
20 from.

21 But when you have a medical diagnostic technique,
22 then you really start thinking about the radioactive uses. But I think
23 one area that we can all do is help educate in that regard.

24 COMMISSIONER JACZKO: Well, I think one of the
25 areas specifically where perhaps we can improve is really in our ability
26 to communicate to a non-technical audience. I think that continues to

1 be an area where any regulatory body like ours will always have
2 challenges, because it's very easy to fall into the regulatory speak,
3 and because it's the world in which we live and it's the world in which
4 we make decisions.

5 But for most members of the public, it isn't the world
6 in which they live. They live in a world in which they communicate in
7 very different terms and with very different means than we do.

8 And so I think that is probably the most crucial thing
9 that we could do is to -- if there's training or other opportunities, to
10 learn to talk in technical language -- or to learn to express technical
11 ideas in a less complex way technically. That has perhaps not been
12 said in the best way by me, but --

13 (Laughter.)

14 So it -- and I think, as the Chairman said, the other
15 issue is I think once we've fully mastered the first skill is to do more
16 communication. And I think the Chairman mentioned it when he
17 talked about members of Congress. The first time you want to see a
18 member of Congress isn't when they have an issue and they want to
19 explain it to you.

20 The first time to communicate with the public is not
21 when there is a problem or a perceived problem, at a power reactor,
22 at a materials site, it is before that, when we can talk about what we
23 do and talk about how we protect their safety and their health on a
24 daily basis, so that when something does happen they have a trust,
25 they have an understanding.

26 So I think the first step -- the skill of communicating

1 technically complex issues, and then, secondly, doing it more.

2 COMMISSIONER LYONS: I would only add that we I
3 think should give kudos to our Office of Public Affairs as I think they
4 strive, and are very effective, in helping us to better communicate with
5 the public.

6 CHAIRMAN KLEIN: Since I'm an engineer, I often
7 times use this as an example. As Commissioner Jaczko indicated,
8 sometimes we give too much information. If someone asks us what
9 time it is, we tell them how to build a watch, and so what I think we
10 need to do is learn how to communicate in a way in which people
11 understand readily what the issues are. But that's easier said than
12 done, and I think all of us can probably work on those skills.

13 Next question.

14 PARTICIPANT: Rotational job opportunities are
15 routinely announced. However, first-line supervisors hesitate
16 approving staff rotations because of FTE shortages and workload
17 considerations. How can we overcome these barriers?

18 CHAIRMAN KLEIN: Well, I think in terms of rotational
19 assignments, again, that's where the best thing to do is communicate.
20 You know, find out, what are the opportunities and talk to your
21 supervisors about what can you and should you be doing in two years,
22 three years, five years?

23 I believe from the workload standpoint that we're
24 pretty well staffed at the levels that we had wanted to achieve at about
25 3,800 total workforce. As you know, we are growing at a net of 200
26 for '06, '07, and '08, so we're about I think at the level of staffing that

1 we need to be. And so, then, we need to look at, how can we best
2 utilize those resources?

3 I think for rotational assignments the best thing to do
4 is talk to your managers, find out what opportunities exist, and if you
5 don't get the answer you want, you can always harass Jim
6 McDermott, the head of HR, and find out what options are there.

7 One of the things, again, I think the strength of an
8 organization our size is that we do have rotational assignments where
9 we can give a lot of cross-training. And so if there's a particular -- if
10 you didn't get one rotational assignment, it might not mean that
11 someone was either out to get you or that you weren't eligible, or
12 whatever.

13 But these opportunities will come up frequently and
14 take advantage of those when it will help both you and the agency.

15 Next question?

16 PARTICIPANT: Can you share the time limit details
17 of the new White Flint Three building, and will it have sufficient office
18 space to consolidate all employees into a three-building scenario?

19 CHAIRMAN KLEIN: You know, probably I should let
20 Tim answer that question accurately. And so I will answer it first, and
21 then he can correct me later. Our goal is to have a White Flint Three
22 that will house all of the needs at the headquarters.

23 Now, the thing that I think we learned in the process,
24 there is an advantage of having the training offsite, because if training
25 is held within, you know, the White Flint One or Two, and you happen
26 to have an issue that the phone rings, get an e-mail, you have a

1 tendency to want to run and solve the problem, as opposed to going
2 through the training.

3 So I think when we look long term at where the
4 agency will be with White Flint Three we certainly hope we have
5 buffer space and we have all of the space that will handle most of the
6 functions. But as we look towards that, I think there is an advantage
7 of not co-locating the training, just because when you're offsite you
8 can concentrate on that activity.

9 So other than those areas that we may want to have
10 remote for a reason, I'm hoping that White Flint Three will let
11 everybody come back to the same location. And the square footage
12 that we are putting out for bids, expression of interest, and so forth,
13 will let us do that.

14 Like I said, I hope at least if you're not totally moved
15 in when my term ends, I certainly hope the concrete is being poured.
16 I will feel a lot better when I see those concrete trucks doing White
17 Flint Three.

18 This whole process has been a real challenge, getting
19 another building. To say it's bureaucratic is probably an
20 understatement, but you have to deal with a lot of different agencies
21 and a lot of issues. But the good news is we are seeing some light at
22 the end of that infamous tunnel.

23 Next question.

24 PARTICIPANT: Chairman, in this morning's Industry
25 News, there was a comment by a Westinghouse representative that
26 the first AP-1000 would be built in China. First, I was a little bit

1 surprised that they were that far ahead, given where we are. But I
2 know you've had some discussions with them, and I know they are
3 asking for help. Could you comment on our interactions and what
4 help we may be providing and what that means for the AP-1000?

5 CHAIRMAN KLEIN: Well, I had an interesting trip to
6 Beijing in January of this year. It certainly gave me an appreciation of
7 the clean air we have in this country. It was astounding to see the
8 pollution in Beijing.

9 But as you indicated, Ed, the schedule is that very
10 likely the first AP-1000 will be in China. We had a very good meeting
11 with their regulator, Li Ganjie, and what we hope to do is help China
12 have a strong independent regulator, much like we are here, and
13 where they can basically ensure the high quality operational and
14 construction activities.

15 We hope to have an exchange program where we
16 can send inspectors there. They can come and see how we inspect.
17 So we definitely are engaged with a lot of countries, China just being
18 one of many. The international programs is really a dynamic area,
19 and the international area is one in which the NRC is very well
20 perceived.

21 We are viewed as the best regulator in the world for
22 having good systems in place, good inspections, good requirements,
23 and so where we can we certainly want to help other countries have
24 that same vision that we have for our agency. Again, we have to do
25 that within limited resources.

26 China would like us to train a lot of people, and we

1 simply cannot do all of the training that they are requesting. And so
2 what we would like to do for China is get to the point of training the
3 trainer, so that we can sort of teach them how to train the individuals
4 that they need.

5 If you look at the expansion of the Chinese market,
6 and the market in India for that matter, there are going to be a lot of
7 plants being built in those two countries. And it's in the best interest
8 of us to help ensure that, to the extent that we can, so that it's safe,
9 secure, and well done.

10 Again, another area that we are working with China is
11 vendor inspection programs. Shanghai Boilerworks recently received
12 a nuclear stamp, the N stamp. That's a good sign. And so we need
13 to share information with them on the vendor inspection and quality
14 control that really is demanded in the nuclear industry.

15 So we have a very active, engaged program with
16 China, as well with other countries. And if they stay on the schedule
17 that they intend, the first AP-1000 that goes into operation probably
18 will be in China.

19 Next question.

20 PARTICIPANT: How does the Commission plan to
21 handle the expected spike in HLW applications in light of the recent
22 budget cuts and zero growth for fiscal year 2010?

23 CHAIRMAN KLEIN: Well, as I have often said in my
24 academic humor mode, we cannot review an application we haven't
25 received. But I think this year we will actually -- it will happen. I do
26 believe this time the Department of Energy will submit the license

1 application for Yucca Mountain, and then we will go through our
2 normal process of seeing whether it's docketable, if it is sufficient in
3 detail.

4 Clearly, we do have a challenge in not just 2010 but
5 in '09 funding, if the application comes in. And we really will have to
6 get some further guidance. As you know, Congress wanted the NRC
7 to make an evaluation of that application within three years, and with
8 one additional year if there were unusual circumstances. So that
9 means four years.

10 In order for us to do that, we will have to receive the
11 appropriate funding to make our technical analysis. And either we will
12 have to receive the funds to do that or the schedule will slip, because
13 one thing that we will not do as an agency is compromise the quality
14 of our review. And if we have limited funds, then it will just simply
15 have to take longer than the three to four years.

16 Again, as most of you know, this is one of those years
17 divisible by four. When that happens, budgets don't always get
18 passed on time. This is clearly a year in which people are indicating
19 we will probably not see the '09 budget until early in '09. So rather
20 than October of '08 seeing the '09 budget, it could be in the February
21 timeframe. And we will just have to do the best we can with the
22 resources that we're given.

23 COMMISSIONER LYONS: I would just add that it's
24 important that, as an agency -- and I think we've been doing it -- to be
25 sure that Congress understands the financial requirements that we
26 will have, if we are going to proceed with that evaluation on schedule.

1 And then, as the Chairman said, it will be up to Congress to decide if
2 those resources are provided for '09 and beyond.

3 CHAIRMAN KLEIN: Next question?

4 PARTICIPANT: This question is for Chairman Klein
5 and Commissioner Jaczko. The agency has made, and continues to
6 make, progress in oversight of license safety culture. However, the
7 same concern has not been evidenced relative to internal safety
8 culture. Some believe that the OIG's safety culture survey is not an
9 adequate safety culture survey, and the agency should undertake an
10 independent safety culture assessment. What are your thoughts?

11 CHAIRMAN KLEIN: Do you want to start?

12 COMMISSIONER JACZKO: No, you can start.

13 (Laughter.)

14 CHAIRMAN KLEIN: No, you take it.

15 COMMISSIONER JACZKO: I would be happy to
16 evaluate the --

17 CHAIRMAN KLEIN: You know, safety culture is a
18 very important concept, but hard to measure. You know, as I learned
19 when I was at the Pentagon, they always talk about metrics. And they
20 would oftentimes say that you're only as good as what you can
21 measure. But measuring a safety culture is a little bit challenging, so
22 what we tend to do is we tend to have little surrogates that we look at.
23 You can, can people bring issues forward? Do we encourage
24 issues? And I think the non-concurrence is an area.

25 So I think the best thing that we can always do for
26 safety culture internally, as well as external, is to practice what we

1 preach -- in other words, to demonstrate that we hold safety in high
2 regard, and communicate that to our employees every opportunity
3 that we have.

4 But it is important that not only those that we regulate,
5 but also the agency itself, we should look internal as well as external.
6 And we should also have an awareness of safety.

7 And I haven't seen anything from my time here that
8 demonstrates that we're not doing that. I believe that our employees
9 are certainly well aware of safety, and they do their best job to make
10 sure that it's done. And not only in what we do, but those that we
11 license.

12 COMMISSIONER JACZKO: I guess I would say,
13 specifically on the issue of I think the IG safety culture survey and the
14 need perhaps to do more than that, to look more comprehensively at
15 internal safety culture, I would say that that's something that I would
16 be supportive of.

17 I certainly think the IG survey is an important measure
18 for us to get a handle on our internal safety culture, but it may be
19 limited. There may be other approaches we need to take, and I'm
20 always hesitant to try and refer to an SRM, because by the time the
21 Commission is done with them it's often hard to remember what is
22 exactly in there.

23 But I do believe we are -- there were some -- and I'm
24 saying this with some degree of skepticism, because I don't
25 remember the exact language, but I do believe there was some
26 language in a recent SRM following the recent Commission meeting

1 we had to look at all of our program areas where we put some
2 language in to do a look more comprehensively at internal safety
3 culture.

4 And I think that is something that will be an important
5 program to implement and to follow through and find, you know,
6 again, a better understanding of what exactly our safety culture is and
7 our internal safety culture is here, because it is important. And it's
8 one that we hold the licensees with a high expectation in this area --
9 and I think we need to make sure that we're providing the same kind
10 of focus and attention at our own agency to make sure that people do
11 feel comfortable raising views and having those views heard.

12 CHAIRMAN KLEIN: And even though that was
13 directed at the two of us, Commissioner Lyons, would you like to
14 comment?

15 COMMISSIONER LYONS: I do think that the safety
16 culture survey is very important and needs to be done independently.
17 And for that reason, I was very pleased when I got here to find that
18 the IG had undertaken that challenge. That does assure the
19 independence that we all want, and I have been -- I have been very
20 impressed with the product that the IG has turned out in those
21 surveys.

22 CHAIRMAN KLEIN: Any comments?

23 (No response.)

24 Next question.

25 PARTICIPANT: What's the latest word on filling the
26 fifth Commission vacancy?

1 CHAIRMAN KLEIN: The latest word on filling the fifth
2 Commission spot is probably silence.

3 (Laughter.)

4 I think if you just look at the focus right now of
5 Congress, November is staring at everybody's radar screen. And so I
6 don't believe, personally, there will be any movement to try to fill the
7 fifth position until after the election.

8 Next question?

9 PARTICIPANT: What plans, if any, are in place to
10 make the NRC a green place to work as well as a great place to
11 work? In particular, is there a plan in place for the agency to adopt an
12 environmental management system? And, if so, when might we
13 expect to see it implemented?

14 CHAIRMAN KLEIN: Well, I think the area of green is
15 one in which it seems to come and go in what it means. If you recall,
16 in the late '70s, early '80s, there was a lot of focus on energy
17 conservation. And so now sort of the word, you know, green builders,
18 green buildings, and these sorts of things are the area in which people
19 are talking about.

20 I believe Tim Hagen, through the Administration
21 office, always looks at things in which we can be greener and do
22 things more efficiently and more friendly to the environment.
23 Certainly, recycling is something that we can all do. When you go out
24 a room, if there's a light switch, you can turn things off.

25 We have a lot of motion detectors. And I keep seeing
26 a lot of people crawling around different floors, replacing light bulbs

1 that are more friendly to the environment. And so I think, as an
2 agency, we definitely would like to be as green as we possibly can.

3 And if you have any specific recommendations, I'm
4 sure Tim would like to hear those. So I think we do want to be viewed
5 as green, as well as a good regulator. So I think if there's any
6 specifics, certainly we would like to hear from our employees on how
7 to do it better.

8 Next question?

9 PARTICIPANT: This is actually two separate
10 questions from the same person. There are thousands of Legacy
11 documents on microfiche. Do we have any plan to convert these
12 documents to pdf files to make them available online? And then, the
13 second question is, our telephone handsets have no message
14 indicating lights. Are there any plans to replace age-old telephone
15 systems?

16 (Laughter, followed by applause.)

17 CHAIRMAN KLEIN: It turns out at our most recent
18 Commission meeting we talked about telephones and message lights
19 and headsets, and there is a plan that will be implemented I think so
20 that employees will have better use of, as Commissioner Jaczko said,
21 not necessarily into the 21st century, but maybe the 20th century. So
22 we definitely want to make the telephones better.

23 One of the challenges I think that we all have is
24 sometimes we wait for the perfect solution, and so while you're waiting
25 for that perfect solution you tend to get further and further behind on
26 technology. But in terms of the phones, there is a plan.

1 The Commissioners all I think commented on that at
2 our last meeting, and that one should see that one being
3 implemented. I won't put Darren or Tim on the spot to give an exact
4 date of when it will be finished, but we intend to attack that one as
5 vigorously as we did the switch to Microsoft Outlook. And so that one
6 is in place.

7 In terms of the documents on microfiche, I'm not
8 aware of those issues. I guess from the standpoint, if we are not
9 using them, I don't know what value it would be to convert them. So I
10 think first we should look and see, what are the documents? Do they
11 really need to be converted? And, if so, we should do it?

12 But, again, I would leave that to the senior managers
13 to probably come up with a recommendation on that one.

14 COMMISSIONER JACZKO: If I could just add, on the
15 telephones, there is specifically money in the '08 budget to begin the
16 telecom conversion. The money was essentially split between fiscal
17 year 2008 and fiscal year 2009, and to do the voice modernization
18 and the voice upgrade. That was -- when the Commission originally
19 put that language in there, it was specifically to do two things. One
20 was to get telephones that had a message waiting light indication and
21 caller ID.

22 Those, you know, I think as I said at a previous
23 Commission meeting, are not, in my view, real technological
24 enhancements, but those are really I think basic tools that any office
25 should have, and any individual at this agency should have right now.

26 So there is specifically money in the budget, and in

1 this fiscal year to do that, and feel free to let me know when you have
2 gotten your telephone upgraded. So, I will be keeping a list.

3 (Laughter.)

4 CHAIRMAN KLEIN: Next question.

5 PARTICIPANT: With large numbers of combined
6 license applications coming into the staff and potentially creating a
7 "perfect storm" that could overwhelm staff resources and expertise,
8 what types of actions are the Commissioners considering to prioritize
9 these reviews?

10 CHAIRMAN KLEIN: Well, we have talked a lot about
11 prioritization, if we need to. What I would expect to happen right now
12 -- we know the applications that are coming in, and we know the
13 schedule. We talked to those utilities who have not yet submitted, but
14 tell us they are going to submit the applications.

15 So I think the important thing for us to do as a
16 Commission is to let Bill Borchardt and his staff basically come up
17 with a schedule that they can meet with the workforce that we have.
18 And if we need to prioritize, one of the things that we would probably
19 look at is to focus on those utilities that actually expect to build a plant
20 as opposed to just going through the process of getting a license.

21 One of the things that was interesting to me when I
22 first came here was looking at the early site permit process. And,
23 clearly, when that program was started, it was not necessarily geared
24 to just those who intended to build it. And the classic one was the
25 Clinton site in Illinois. So some of those applications were done not
26 necessarily with in mind to actually start digging a hole in the ground,

1 but basically to demonstrate the process that we can do it.

2 I think we're at the point now that if we do see a
3 workload crunch coming on to the NRC, then we will go through a
4 process of prioritizing. And that will be probably with those that we
5 expect to actually start moving dirt.

6 COMMISSIONER JACZKO: The Commission did
7 develop a prioritization system for the staff to provide as kind of a
8 template for how to prioritize resources in the event that we had more
9 applications than our resources allowed for. And those weighed or
10 provided factors such as the Chairman indicated -- applications for
11 which there was a completed design certification, applications that
12 had undergone an early site permit.

13 The Atomic Energy Act also does provide some
14 measure of prioritization in statutory language, with a preference for
15 public power entities and facilities that would be built in -- I forget the
16 exact phrase, but areas that had high power need, or something to
17 that extent. So those two systems are in place right now ultimately to
18 provide that.

19 And I would note, the staff has done this already in
20 many ways. It's not something that I think would be a real challenge
21 to do, and I think it's a lot of credit to Bill Borchardt and the flexibility
22 that he has shown in managing the office of -- the New Reactor
23 Office. And we had several applications that didn't come in
24 necessarily when we anticipated, and, as a result, we were able to
25 divert resources to other applications that we didn't initially budget
26 resources for.

1 So a lot of that work is going on right now, and I don't
2 necessarily anticipate that we're going to have a bigger challenge with
3 that in the future.

4 COMMISSIONER LYONS: I think some of the most
5 important actions that were taken from the standpoint of not
6 overwhelming the staff were some of the actions that -- again, Greg
7 just mentioned Bill Borchardt in his previous role. And I think when
8 Bill and his team set out the design-centered approach -- and that
9 certainly had strong endorsement from the Commission -- the design-
10 centered approach in which our philosophy was going to be -- there
11 was going to be -- to any one issue, there would be one review and
12 one NRC position.

13 Tied in with that is the standardization of applications,
14 and that falls to industry. To the extent industry truly does standardize
15 their applications, then this design-centered approach should work
16 very well. And I would hope that we don't get into a situation of
17 overwhelming staff.

18 To the extent that industry departs from that
19 standardization, and we start to see significant departures among
20 applications for similar plants, I think industry is well aware that that is
21 going to delay their application substantially. So I am very hopeful
22 that there are a sufficient number of pressures to keep the
23 standardization on track and to allow the design-centered approach to
24 continue to move ahead.

25 CHAIRMAN KLEIN: Next question?

26 PARTICIPANT: Decommissioning trusts are under

1 attack by licensees to allow for premature withdrawals. Where does
2 the Commission stand on this issue?

3 CHAIRMAN KLEIN: Well, I think on the
4 decommissioning fund issue, I think we really need to look at that in a
5 broad perspective, and make sure that there are decommissioning
6 funds available when the time comes. I have not been excited about
7 a lot of nuclear components being stored onsite.

8 I would like to see, when it's appropriate, that the low-
9 level waste is moved offsite and put in a proper storage area. So this
10 -- all of this gets into probably the area of what to do with low-level
11 waste, and the fact that there seems to be getting to be smaller and
12 smaller number of sites for where the radioactive materials can go.

13 But certainly from my perspective a lot of these major
14 components that are being stored onsite is sort of one of those
15 questions that I think the Fram oil filter had a number of years ago,
16 that you can either pay me now or pay me later. And so as long as
17 there are adequate funds available for decommissioning, I would
18 encourage the utilities to remove things like steam generators and
19 other components and place in a permanent long-term storage site.

20 But we will I think as a Commission look at that in an
21 integrated way. One of the comments that I heard recently was we
22 may need a little bit more authority in terms of, how do we require the
23 funds, and of that nature. So we are taking a look at that issue in
24 terms of, when is the right time to remove some of these
25 components?

26 COMMISSIONER JACZKO: Well, I guess I would

1 add that this is ultimately I think something that the Commission is
2 going to have to make a decision about. This issue has come up
3 specifically with a proposal to -- as the Chairman indicated, to have
4 certain large components like steam generators, pressure vessels that
5 have been removed, and are currently sitting at sites and ultimately
6 requiring or contaminating material that's going to ultimately require
7 decommissioning.

8 In my mind, the ultimate question comes about
9 whether or not those components should be disposed of at this point
10 using decommissioning funds or whether or not they can be disposed
11 of using normal operating or other equipment funds.

12 I'm not -- I'm certainly going into it with an open mind,
13 but I certainly also recognize that any of these major equipment
14 modifications required significant investment of resources, and it's not
15 clear to me why the early disposal of these equipments was never
16 budgeted in that process to begin with.

17 So it's not clear to me that the decommissioning
18 funds are the only source of funds that could be used to ultimately
19 carry out this disposal, and I think that's the policy question the
20 Commission has to look at. Is it the right thing to do from a safety
21 standpoint? If it is, then an environmental management standpoint --
22 and I guess as the Chairman indicated, and certainly I would say, it is
23 the right thing to do, to ultimately dispose of these pieces of
24 equipment early.

25 I don't know that that necessarily needs the
26 decommissioning funds in order to be able to do that.

1 COMMISSIONER LYONS: I certainly see benefits to
2 early movement of the large components into appropriate low-level
3 waste storage. I'll be looking forward to staff recommendations that
4 can underpin a Commission policy at the time when this actually
5 comes to us. But the general idea of moving those components now,
6 instead of later, strikes me as very positive.

7 CHAIRMAN KLEIN: Next question?

8 PARTICIPANT: Regarding telework and work at
9 home, are there plans to bring collaborative tools to the staff such as
10 web meetings, etcetera?

11 CHAIRMAN KLEIN: Well, I think in terms of our IT
12 structure in general, I think a lot of this has opportunities to improve,
13 where we can really take advantage of the state-of-the-art equipment,
14 and how we can become more effective.

15 One of the areas that that will probably be evidenced
16 sooner rather than later are just going to meetings, that the travel
17 costs we know are going to go up as the price of fuel goes up. And so
18 I think any area in which we can provide tools for our employees to
19 make them more efficient and more productive with less travel, we
20 certainly want to take a look at that.

21 So, again, I think all of us on the Commission would
22 support high tech that will let us do the job better.

23 There are certain areas that the communication really
24 needs to be face to face as opposed to a person talking to a screen.
25 And one of those is personnel evaluations. Personnel evaluations
26 just don't work well when you do it on a TV screen. You really need to

1 sit down with people and really talk out what your expectations, their
2 expectations are.

3 So certain activities lend themselves to the high-tech
4 communication. Certain areas don't. But certainly I think all of us
5 from the Commission standpoint would support the greater use of
6 high technology where we can.

7 COMMISSIONER SVINICKI: One element that
8 hasn't been here mentioned here, though, that -- is that these types of
9 tools also benefit continuity of operations and continuity of
10 government. As someone who personally experienced the anthrax
11 attack in the Hart Building and left work one day and then was not
12 allowed back into my office for four months, these types of -- in
13 addition to providing flexibility to employees, also help with that
14 broader objective.

15 CHAIRMAN KLEIN: Assuming the phone lines work.

16 Next question.

17 PARTICIPANT: Yes. my question has to do with
18 career choices and career paths. The agency currently has a very
19 robust methodology for career advancement along the management
20 path. Will the agency consider developing a transparent, visible, and
21 repeatable senior-level service career path as another option for
22 employees at their career?

23 CHAIRMAN KLEIN: Well, I think we always want to
24 look at, how can we best motivate and use the talents of the people
25 that we have? And probably for the four of us up here it's not -- we're
26 not knowledgeable enough to really know exactly which career paths

1 should be pursued, and how they should be pursued.

2 I do think as an agency we do a better job than a lot
3 of agencies in how we train, promote, and look at succession
4 planning, for example, in our agency. But, again, I think from the
5 Commissioners we are certainly willing and able to look at any
6 recommendations the staff has on how to do this more effectively in
7 terms of using our people's talents to the greatest extent possible.

8 COMMISSIONER JACZKO: And I certainly would
9 agree with the Chairman, and I think this is something that I have
10 seen since I've been at this agency. That we do have I think -- as you
11 said, we have a very clear path for management, but we don't have a
12 comparable path in the technical areas, so that there is a definite way
13 to achieve higher levels of recognition within the agency, sticking in a
14 technical area.

15 The only avenues are in management. Well, I don't
16 want to say the only, but the majority are in management. And
17 technical expertise and technical excellence does not always translate
18 into management expertise. In some cases, those can be different
19 skills, equally valuable certainly, but not necessarily identical. And so
20 having that career path I think would be a real added benefit.

21 An additional area that comes up I think also is, for
22 instance, for resident inspectors -- ensuring a good career path for
23 residents, so that those people who enjoy being residents can
24 continue in that area and continue to advance in their careers as they
25 continue to provide service. So there's a whole host of areas.

26 And I do think it is an area that we could benefit from

1 as an agency. I think as the Chairman indicated, we probably are
2 much better than a lot of other places, but it is one that I think we
3 could continue to be a leader I think really within the Federal
4 Government to really establish that alternate career pathway.

5 CHAIRMAN KLEIN: Next question?

6 PARTICIPANT: Can you please explain the rationale
7 for vendors and utilities only needing to submit a summary of their
8 PRA and not the comprehensive PRA?

9 CHAIRMAN KLEIN: Well, I -- you're getting into an
10 area that my expertise approaches one over infinity at a rapid rate.
11 So I think what would be good -- clearly, we look at PRAs often, and
12 we expect the utilities to be accountable for that. As to why we
13 require specific activities, you know, I do believe as an agency that we
14 expect the utilities to basically do the PRAs. And as we move to this
15 risk-informed performance-based, we want to have those
16 accountable.

17 I know that Commissioner McGaffigan was very
18 adamant about having a living PRA document for every reactor. And I
19 think this gets back a little bit to what Commissioner Jaczko said
20 initially. Sometimes we would like to put numbers and methodologies
21 to things that we may not be able to put numbers and methodologies.

22 So I think as we learn more and more about the PRA
23 process, we will learn how to do it probably in a better way.

24 COMMISSIONER JACZKO: Well, I guess I would
25 just say this was an issue that came up in particular for new reactors
26 when we were reviewing Part 52. And I certainly was supportive of

1 doing it. I think it's the right thing to do. I think it makes sense.

2 One of the arguments that was probably most
3 compelling to me was the argument from ACRS's perspective that
4 right now, if the PRAs are not required to be submitted with COL
5 applications, it may be very difficult -- other than having a summary, it
6 may be difficult for ACRS to review those PRAs, because they don't
7 necessarily have the ability to travel to the sites, or wherever the PRA
8 may be housed, and review those.

9 So I think it's something that, you know, if the industry
10 -- if as an agency we are serious about moving towards a risk-
11 informed performance-based regulatory environment, PRA is the crux
12 of that, and that should be required documentation, should be
13 required submittals for applications, in particular for new reactors. It
14 may be a bigger challenge for the existing reactors, but certainly for
15 new reactors I think that should have been -- you know, I think that's
16 the direction the Commission should have gone.

17 COMMISSIONER LYONS: Well, to me the key was
18 that our staff has full access to the utilities' PRAs. And it's my
19 understanding that we have that access. So I was less concerned
20 with where the PRA was physically housed, but that ensuring that our
21 staff had access to it.

22 CHAIRMAN KLEIN: Next question.

23 PARTICIPANT: There is concern that the NEI
24 successfully lobbies the Commission after their requests are refused
25 by the staff. How can you assure the staff that they will be supported
26 in their decisions?

1 CHAIRMAN KLEIN: Well, I think if you look at the
2 way our process works, we rely heavily on the staff's
3 recommendation. And that's the crux of -- I think all of us at the
4 Commission level look at the staff recommendation. So I think I
5 would say overall we are very supportive of staff's recommendations.

6 Obviously, if a particular utility or NEI may not give
7 what they would like the first go-round, I'm sure that they might try to
8 educate the Commissioners in certain areas. But all of us have been
9 in positions that we listened, and then we will make the decision
10 based on fact. And for me personally, I rely heavily on the staff's
11 recommendations.

12 COMMISSIONER LYONS: That was a good answer.

13 CHAIRMAN KLEIN: Next question?

14 PARTICIPANT: Uranium prices are low. Is this a
15 reason why we have so few applications for new reactors? Do you
16 know of any plans to regulate the price of uranium?

17 CHAIRMAN KLEIN: Well, I hope there is not a
18 uranium PEC like an OPEC as we move forward. The price of
19 uranium has certainly gone up from the early days, and I know that
20 our divisions that look at in situ leach mining, for example, are seeing
21 a lot more interests in terms of uranium recovery based on the fact
22 that the price has gone up. I would hope that the free market will
23 determine the price of uranium, rather than any consortium of trying to
24 get into controlling that.

25 If you look at sort of the three areas for which there
26 are big uranium deposits, Canada, Australia, and Kazakhstan

1 certainly come to mind. But for those areas that in situ mining works
2 and is appropriate, I would expect to see a lot of uranium exploration
3 and development in the United States, based on the fact that the
4 increased -- on increased costs of uranium.

5 Again, I think a lot of the spot market price on
6 uranium was -- might have been encouraged by some speculators
7 early on, the hedge fund individuals, because the -- the spot market
8 ended up going over \$100 a pound. It has now dropped down
9 significantly and will probably stabilize at some point in time. But,
10 again, I don't see any plan in place to try to regulate the cost of
11 uranium.

12 As all of you know, one of the advantages of a
13 nuclear plant compared to like a natural gas plant is your busbar costs
14 are not as dependent on the fuel on a nuclear plant as like a natural
15 gas plant. On the other hand, a nuclear plant is very capital-intensive,
16 whereas a natural gas plant has low capital costs. And so utilities
17 have to make tradeoffs. You know, do they want to take a chance on
18 the price of natural gas maybe coming down? Or do they want to go
19 with a very heavy capital cost for a nuclear plant?

20 And, in general, most of the utility CEOs that I talk
21 about -- or that I talk with about, how do they determine what source
22 they want for their electrical generation, almost all of them say now
23 that diversity is one of their key components. They don't want to have
24 any one major type of fuel supply, whether it's uranium or whether it's
25 gas or whether it's coal.

26 So I think, again, this is where one hopes a free

1 market system will work and work in a way that meets the needs of a
2 growing economy and a growing demand for baseload.

3 COMMISSIONER LYONS: Well, sometimes
4 Congress extends the mandate of the NRC, like in the waste
5 incidental to reprocessing, to go into areas that might not seem to be
6 within our charter. I guess I have been surprised by some things
7 Congress has done, but I can't imagine a rationale that would have
8 the NRC put into a position of being responsible for price controls on
9 uranium. What that has to do with safety would be -- I can't imagine a
10 correlation, but maybe there is one. In any case, I am certainly not
11 aware of any such moves.

12 CHAIRMAN KLEIN: Next question?

13 PARTICIPANT: Presently, our time and attendance
14 method requires several systems and a considerable amount of time
15 of the staff. Is the agency considering a newer, less time consuming
16 timekeeping system?

17 CHAIRMAN KLEIN: I certainly hope so.

18 (Laughter.)

19 One of the things that I was surprised -- I think one of
20 the first areas in which I learned about the challenging system that
21 you all have for time accounting was I went to Region 2 and learned
22 that there is something like 10,000 codes that we have for billing, and
23 so forth, and that is just way beyond I think the need for reasonable
24 accounting activity.

25 So one of the challenges that Jim Dyer has in his new
26 job as CFO is to somehow get a handle on, what do we really need to

1 do our time and labor charges, and to make it a lot more user-friendly.

2 The other activity that I was surprised in was that
3 oftentimes people in the field sort of had to do their best guess on
4 Thursday on what they did on Friday, so they could get the time
5 submitted in a proper way. And we need to do a better job than that.

6 You know, a high-tech agency like the NRC should
7 use high-tech tools. And so we need to move to I think a less
8 cumbersome system on the time activities, and certainly a better way
9 that we can use electronic signatures and other kinds of things where
10 we can get people paid on time in a timely fashion, and also very
11 accurately.

12 I know that that's one of the challenges that is
13 currently being worked on. And, again, I'm not sure what our timeline
14 is for that, but it's certainly an area that we know is a problem and
15 we're trying to figure out how to do that.

16 From my perspective, the CFO area is an area that
17 we underinvested in in terms of the latest software and technology
18 and the way of doing things, much like we had underinvested in a lot
19 of the IT activities. So we're making investments in the IT, and we
20 intend to do the same thing in the CFO, so that you don't have to
21 spend unnecessary time doing unnecessary documentation for what's
22 required to get your paycheck in a timely manner.

23 Next question.

24 PARTICIPANT: It appears that Barnwell will soon no
25 longer accept waste from nuclear power plants. What plans are
26 underway to address this situation?

1 CHAIRMAN KLEIN: Well, Barnwell will continue to
2 receive waste, but for a limited number of states. And so that's an
3 issue that I know the Commission has talked about on several
4 occasions. You know, what do we do as a nation for the low-level
5 waste?

6 This is clearly a program that did not do what we
7 expected. When Congress looked at the Low-Level Waste Act, they
8 intended to form compacts, so that they could regionally take care of
9 the disposal of low-level waste. And it did not materialize I think the
10 way Congress had intended it to do.

11 There currently is obviously a site -- a couple other
12 sites, the one in the State of Washington and one in Utah. And I
13 know the State of Texas has been reviewing an application for a
14 number of time.

15 But my concern is really for those industrial and
16 university locations that don't have a way to dispose of low-level
17 waste, and they start accumulating onsite. The utilities are going to
18 be in a better position, if they would have to store low-level waste
19 onsite, because typically they have the land, they can create
20 buildings.

21 But a lot of small users -- industrial, hospitals,
22 universities -- do not have a lot of storage activity. So this is an area
23 that I hope we will investigate to see what we can do as a nation,
24 because right now it's not a crisis, but we would like to address it
25 before it becomes a crisis.

26 Next question?

1 PARTICIPANT: If a substantial number of new
2 reactor applicants withdraw, the agency will find itself overstaffed and
3 with partially empty buildings. How will the agency handle such an
4 eventuality?

5 CHAIRMAN KLEIN: Well, I don't think that we will
6 end up with an empty building and people without things to work on.
7 It seems like it's just the reverse.

8 One of the areas, as an agency, that we have sort of
9 good news/bad news. We're having about 200 people retire a year,
10 and so that gives us a cushion for those in which, you know, we might
11 need to redirect. But I don't see, at the moment, a slowing down of
12 our work requirements.

13 I think for an agency like ours, this is -- really has to
14 be one of the most exciting times in our agency's history. We've got
15 license renewals, we have power uprates, we have interest in in situ
16 leaching, we have more industrial applications, we have the issue of
17 the Yucca Mountain site, we have COLs.

18 And so if you look across at all of the things that we
19 do as a regulatory body, about every area is being increased in
20 activity. If one goes down, I'm sure another one will come up, and so
21 we have not seen any indications that there will be a dramatic
22 reduction in workload or the need for high-quality applications.

23 Last question. This time it's for real.

24 (Laughter.)

25 PARTICIPANT: Many of the technical staff spend
26 significant hours on the budget process. These are hours not spent

1 on nuclear safety. The process seems long and inefficient. Can it be
2 improved, so we can focus more on technical issues?

3 CHAIRMAN KLEIN: The quick answer is, absolutely,
4 it can be improved. We are trying to make the budgeting process less
5 cumbersome, more timely, more efficient. And so we know our
6 budgeting process is challenging.

7 I remember Ed McGaffigan told me early on when I
8 came, he said, "Here's the way the NRC budget works." He said,
9 "First of all, the staff is given guidance, and it's sort of like a kid in a
10 candy store. What would you like to have? No bounds."

11 And he said, "What then comes back is just a budget
12 that we just cannot do. It's just -- it's not going to work. So then you
13 start paring down through a whole series of processes, sort of
14 squeeze it back in the box a little bit."

15 "And then, it comes up to the Chairman, the
16 Chairman whacks it even more, and then it goes out to the
17 Chairman's fellow Commissioners and they add it back. And so this is
18 the way the budget works all the time."

19 I do believe that we can make our budget process
20 more efficient, and we certainly know that it's not where we would like
21 it to be. And we're certainly working on it to make it more efficient,
22 less cumbersome, and better guidance on the front end, so that we
23 can really focus on where we need to put our emphasis.

24 COMMISSIONER JACZKO: The only thing I would
25 add on that -- I certainly agree with the Chairman, and I would just
26 add that I think it's not just on the budgeting end where we need to do

1 some reform, but it's in budget execution as well. We have a process
2 for budget development, and I fully agree with the Chairman and the
3 person who asked the question that it is probably not our most
4 efficient process as an agency.

5 But where I think we also have to spend some time
6 and some work is on how we then go about actually executing that
7 budget and ensuring that we are sticking to the budget as a guiding
8 document. That's the reason we develop it, is so that we have a
9 sense of how to execute and spend money in subsequent and in the
10 current fiscal year.

11 COMMISSIONER LYONS: Well, I know that Jim
12 Dyer and the senior staff are very much working on this almost as we
13 speak. Presumably, most of them are sitting here. But there is an
14 awful lot of effort going into exactly what the question implied. And,
15 yes, we do need to improve the process. And I look forward to a
16 greatly improved process coming out of the current deliberations.

17 CHAIRMAN KLEIN: One of the questions that was
18 made early on was sort of our congressional outreach. You know,
19 what does Congress think of us? And I must say that in terms of the
20 support we have received from Congress, I think they have been very
21 benevolent with our budgets for the most part. We have been in a
22 tremendous growth for the last three years. That growth cannot
23 continue, and we need to stabilize at some point in time.

24 But I think in terms of our budgets that we have
25 actually received from Congress, we have been very fortunate in
26 having a lot of support. I think all of you have contributed to the

1 confidence that Congress has in what we do as a regulator.

2 And if you didn't do what you do, I can assure you
3 that Congress would not provide us with the funds and the expansion
4 that has occurred for the last three years. So it really I think reflects
5 on the people that we have at the agency that has made us fortunate
6 to have the budget support from Congress for the last three years.

7 I think at this point, Dale Yielding, would you like to
8 make a few comments?

9 MR. YIELDING: Thank you very much, Mr.
10 Chairman, and Commissioners.

11 I'd like to stick with the format of talking about
12 accomplishments of the National Treasury Employees Union, and
13 maybe some challenges we face. And then, instead of popping up to
14 the microphone numerous times, I think I had about seven comments
15 on some of the questions that were asked here.

16 I guess one of our major accomplishments is we just
17 finished an election, and I'd like to announce who our new elected
18 officers are. I was reelected as President of our Chapter 208 of the
19 National Treasury Employees Union.

20 Maybe folks just want to raise their hand; they don't
21 need to stand up. Larry Pittiglio is our Executive Vice President; we
22 have Dennis Morey as our Treasurer; Bill Carrier as our Headquarters
23 Steward; Mike Caccavo, Region 1 Vice President; Charles Peabody,
24 Region 2 Vice President; Ron Langstaff, Region 3 Vice President;
25 Larry Ricketson, Region 4 Vice President.

26 And we have Vice Presidents-At-Large -- I'll go

1 through those quickly -- Randy Sullivan, Lisa Clark, Cardelia Maupin,
2 Adrienne Redden, Sheryl Burrows, Steve Salomon, Amir Kouhestani,
3 and Alex Murray. These are elected officials. We also have
4 stewards. I'm not going to go into the numerous stewards that I
5 appoint, but they do the work of the chapter and help employees with
6 their day-to-day problems.

7 As far as accomplishments, I'm going to say
8 agreements. We have reached a lot of agreements over the past
9 year, starting with the summer move of 1,000 employees. We sat
10 down with our negotiating staff, with the ADM staff, and we actually
11 signed Memoranda of Understandings for each of the individual office
12 moves, which amounted to about 1,000 employees.

13 We also reached agreement on the move to the
14 Executive Boulevard Building. Some of the key features there were
15 negotiated, and I think we can attest that there was a happy set of
16 NMSS folks that were moved over to that building. And we have just
17 recently finished the negotiations for the move to the Church Street
18 Building for Research folks. So agreements were successful.

19 The union office also moved -- that was another
20 agreement -- I'm down on the first floor, right at the end of the corridor,
21 in a more visible office, and I guess I've got folks stopping by my
22 office quite frequently.

23 If union dues-paying members out there wonder why
24 they didn't receive a ballot for this recent election, it's because there
25 happened to be exactly the same number of people nominated for
26 positions that there were positions. So that either means that we're

1 doing a good job or nobody else wants to do the work. So that was a
2 success story.

3 Along with agreements, we have to have of course
4 disagreements. Sorry to say we've -- first four years of my term, my
5 eight years as President, I can honestly say we didn't file any
6 arbitrations. We got about three or four, I think the fifth one
7 forthcoming, where we take a disagreement either at the institutional
8 level or a disagreement on an individual employee's level and we
9 actually litigate it through a third independent arbitrator. We actually
10 have an unfair labor practice filed also.

11 Challenges -- what do I look forward to as some of
12 the areas which I think we might be having some trouble? Negotiating
13 change. It seems like not every manager in the agency realizes when
14 they change policy, if it's policy associated with the field of labor
15 relations and conditions of employment, it has to be negotiated with
16 the union. Thankfully, we have Human Resources staff that continue
17 to remind senior managers when they change policy, but we are
18 continually as a union trying to catch up when we see schedules and
19 commitments made by the agency where they didn't provide enough
20 time to negotiate the change with the union.

21 Grievances -- having timely meetings with individuals
22 and supervisors. Hopefully, supervisors can take their busy work
23 schedule and put it aside and bring up personnel issues and actually
24 give an employee their right to appeal a grievance in a timely fashion,
25 within 10 days after they file a grievance.

26 Collective bargaining -- that's a real challenge.

1 Collective bargaining agreement is renewed every four years in its
2 entirety. It has been about two -- and every two years we can review
3 and change portions of it. We filed a proposal about nine months
4 ago, and we haven't been successful at getting to the negotiating
5 table.

6 So that's a real challenge for this upcoming year, to
7 sit down. Collective bargaining, obviously, is a very important issue
8 for unions.

9 I won't go into the aspects of the Department of
10 Homeland Security, which had their personnel system basically
11 scrapped because it affected rights for bargaining.

12 Some of the questions that were asked. Region 1, I
13 guess we're going to have to have a meeting with Region 1,
14 wondering why they don't have a four-day work week. Well, about
15 eight years ago I was at the negotiating table to negotiate a four-day
16 work week, and I came back with credit hours instead of the four-day
17 work week.

18 So if you properly use credit hours on a two-week
19 basis, and reach agreement with your supervisor as to which day
20 you're going to take off, there is no reason why you couldn't work a
21 10-hour day and take one day off a week.

22 Relationships with Congress -- I'd have to say that
23 NTEU has a great relationship with Congress, since we negotiate
24 higher pay raises each and every year. Right now, we are negotiating
25 for the 2009 pay raise that comes in January, a 3.9 percent pay raise
26 instead of a 2.9 percent pay raise.

1 There was a comment on guidance documents for
2 the industry being old and outdated. I'll have to say if we looked at
3 our personnel documents and our management directives here at this
4 agency, many of them are 20 and 25 years old also, if we look at our
5 personnel system and how we do merit selections, and things of that
6 nature.

7 Rehired annuitants -- just a reminder, a rehired
8 annuitant is an employee. I get faced a lot of times in the union office
9 where they are somehow treated differently or with less rights and
10 responsibilities as employees, but they are classified as an employee
11 and associated with rights to offices and rights to hopefully a biannual
12 physical and rights to awards and bonuses should be the same.

13 And rotational assignments -- I think the problem with
14 that one question was, how do I get out of my current job for a month
15 to three months for a rotational assignment? I don't know if the
16 process is well utilized, but you can advertise your own job, trying to
17 convince someone to rotate into your job for a short period of time,
18 which might relieve the burden on your supervisor for letting you go
19 for a rotational assignment.

20 Last but not least, I can't take any questions here -- I
21 think we're at the end of our two-hour period -- but I have coffee and
22 donut sessions monthly or bi-monthly, in which I field questions from
23 employees, and we get our direction of what issues NTEU should be
24 tackling.

25 Thank you very much for the opportunity.

26 CHAIRMAN KLEIN: Thank you.

1 Well, what I'd like to do, again, on behalf of my fellow
2 Commissioners, thank all of you for what you do to make this agency
3 a great place to work. We have a lot of responsibility for safety and
4 security of the radioactive materials that we deal with, and I think not
5 only do we have a good communication plan, but we have a good
6 listening plan.

7 And I think this is an example of that, because what
8 we want to do is hear from you today, and we certainly had a lot of
9 great questions.

10 So on behalf of my fellow Commissioners, again,
11 thanks for what you do to make this a great place to work.

12 The meeting is adjourned.

13 (Applause.)

14 (Whereupon, at 3:34 p.m., the proceedings in the foregoing matter
15 were adjourned.)
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