



NRC NEWS

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Office of Public Affairs Telephone: 301/415-8200

Washington, D.C. 20555-0001

E-mail: opa.resource@nrc.gov

Site: <http://www.nrc.gov>

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“A Decisive Regulator Built on a Firm Foundation”

Prepared Remarks

**The Honorable Gregory B. Jaczko
Chairman, U.S. Nuclear Regulatory Commission**

**The Heritage Foundation
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Thank you for that introduction, Jack. I would like to begin by expressing my appreciation to the Heritage Foundation for offering me this forum to share some thoughts and ideas. Your invitation is a testament to the fact that people can and should engage in vibrant dialogue on issues and in the process be open to the ways in which we can learn from each other. So I thank you for this opportunity.

This is my first major address as Chairman of the Nuclear Regulatory Commission. Before I begin any speech, I am always reminded of a quote from Kurt Vonnegut. He said, “People have to talk about something just to keep their voice boxes in working order, so they’ll have good voice boxes in case there’s ever anything really meaningful to say.” Today, I hope to have something meaningful to say.

But before I discuss my main points, I want to be clear about what I will not talk about today. I am not speaking on behalf of the Commission, but rather outlining the areas I intend to focus on during my tenure as Chairman. Solutions to many of the challenges we face will require the support of my fellow Commissioners and the dedicated work of the NRC staff. I have had the pleasure of working with them on some of these issues while serving as a Commissioner over the last four and a half years, and I look forward to continuing to work with them in my new role.

I also will not directly address the unique challenges facing our nation: a struggling economy, an unsatisfying health care system, and an evolving energy paradigm. Although the solutions to many of these problems may involve material and facilities we regulate, the solutions are more the responsibility of the private sector and other federal agencies.

My focus today will be more pedestrian but I hope no less important. I will address how we can ensure that we are able to adapt to the new challenges we will face and succeed in the routine activities we deal with now. I have spent a portion of my six weeks as Chairman developing a detailed list of goals and priorities to accomplish in the years ahead. I intend to share more about that detailed plan in the weeks ahead. Today I will provide an overview of those areas most in need of attention and focus in my view.

As I warm up my voice box, let me remind you of the importance of the work of the Nuclear Regulatory Commission: One hundred and four nuclear power plants, fuel cycle facilities, and many research and test reactors are licensed in the U.S. In addition nuclear materials are in use at thousands of hospitals, universities, and other locations around the country. Each of these facilities and materials users presents unique safety and security responsibilities for the NRC as we fulfill our mission of protecting public health and safety, common defense and security, and the environment. Our work is critical both to the licensees we regulate and to the public we serve. Whatever disagreements there may be about nuclear materials, I believe there is one thing we should agree on – that all of us are better served when the NRC is a firm and decisive regulator.

To be a strong regulator, we must have a firm foundation. Over the last 34 years, the NRC has been built on a regulatory fort made of sturdy bricks. This structure is solid, but there are areas where we need to improve the foundation and even build new additions to ensure our foundation is strong enough to carry us into the future.

Our firm foundation rests upon the following pillars: our financial systems, our physical infrastructure, our work force, our safety and security culture, our regulatory infrastructure, and our communication ability. I will touch on each of these areas and provide the details about where I believe our focus and effort should be.

As a government agency, we have a responsibility to make efficient use of the funds we receive. There is perhaps no greater direct responsibility of any federal agency than to use money efficiently and effectively. Thus, I will work to improve the agency's budget formulation and budget execution processes by developing an integrated budget execution plan and better reporting capabilities. Much work has been done in these areas already, and I intend to bring these activities to completion. I will work to streamline the contract development and approval process, making sure we allocate money in the most effective way possible. Finally, I will support the staff's efforts to modernize the NRC's financial systems. My hope is that this will also result in more accurate and transparent accounting to the public. This pillar of our foundation is extremely important. If we do not modernize and become more efficient in the use of our financial resources, we will not be able to complete all the work planned for the agency.

The financial piece is important because it gives us the resources to provide the physical and technological infrastructure that allows the staff to do their job well. Our physical infrastructure is also an area in need of updating and improvement. The reasons are varied, and they are exacerbated by the dramatic growth of the agency in the last several years. We have literally outgrown our buildings. Our staff should not be crammed into conference rooms because we lack sufficient office space. The number one priority for me in the area of our physical infrastructure is to reconsolidate our headquarters staff in a new building. I intend to be there to lay down the welcome mat to the NRC's new home by 2012.

As we work to improve our physical infrastructure, we must also support the information infrastructure that joins us together, even as we may be in disparate locations. The staff is working off of an information technology system that was cutting edge in the 1990s but is now woefully out of date. Previous Chairmen, including Chairman Klein, made progress updating the agency's information technology infrastructure by standardizing around more common platforms and introducing BlackBerries to the agency. I intend to continue their efforts to modernize our lagging information technology and to go further by developing a fully integrated 'work from anywhere' capability. That is what the new generation of employees expects and the new world of regulation demands.

All of this physical and financial infrastructure is useless without the dedicated men and women who work at the Nuclear Regulatory Commission. Today, approximately 50 percent of our employees have worked at the NRC less than five years. Despite the dramatic changes in the composition of the work force at the NRC, our employees continue to be highly skilled and motivated. I am honored to chair an agency with such dedicated public servants.

To maintain this work force performing at a high level we need to improve our internal communication, enhance knowledge management initiatives across the agency, and focus on diversity in all its forms and at all levels of the agency. The new agency workforce – made up of experienced veterans and talented newcomers – demands greater flexibility to balance work and personal life. The technology and physical infrastructure improvements must adapt to provide these opportunities. Otherwise, the agency may not continue to attract and retain the best and brightest individuals in the engineering, administrative, legal and scientific fields we depend upon. Teleworking and 'work from anywhere' need to be goals we realize in the near term.

For the NRC to be successful, all of this physical infrastructure and workforce must be focused on safety and security – and focus licensees on safety and security. To do this we need to have a solid foundation in safety and security culture. The Commission is exploring how to better address this issue for all of our licensees, both nuclear reactor operators and users of radioactive materials. To accomplish this, the Commission is drafting a safety culture policy statement to clearly articulate our expectations. I will work to complete this policy statement and finally address the question of whether the NRC should establish a safety culture regulation. At the same time the agency is continuing to refine the internal safety culture among our staff. Implementing recommendations of a recent staff-led task force will be an important priority for me.

Over the last few decades the NRC has developed a solid foundation through regulations, guidance documents and legal proceedings. I want to address areas where I believe improvements can be made to these programs.

For the reactor component of our work, the agency has a strong oversight program and well-tested regulations. Improvements in this area should in my mind be focused on our inspection and enforcement programs. The solid regulatory program the agency has in place is incomplete without the confirmatory review inspections provide. We cannot be everywhere and we cannot inspect everything, but in this information age, there is a greater expectation on the part of the public that we are more aware of what takes place at the facilities we regulate.

Over the next four years, I will explore how to make our inspection program align more closely with the public's expectation for greater access to information and earlier identification of problems. We need to rely on the best scientific information available in the areas of sampling and risk significance to assist us with this effort. We should continue to take advantage of performance indicators, because they are simply a form of inspection. We should continue the quest for the 'holy grail' of a leading indicator of poor performance, consider developing new performance indicators that add additional insight to the Reactor Oversight Process and make additional information publicly available.

The area in which a new regulatory foundation needs to be laid is in the material and fuel cycle areas. A more formal oversight tool for radioactive materials licensees and facilities is one important step in that direction. A Fuel Facility Oversight Process or even a more comprehensive Materials Oversight Process would allow us to improve the openness and transparency of radioactive materials safety and security.

In addition, we need further development of regulatory infrastructure in the area of materials security. We need to complete the foundation of a solid materials security program by improving the performance of the National Source Tracking System, developing a Web-based licensing system, and ultimately a license verification system. These are technical solutions to meet security challenges. These changes are needed to ensure that the level of oversight we are providing is commensurate with the safety and security issues posed by these materials.

Even with a firm foundation of infrastructure, staff, and oversight tools, we are only as good as our ability to communicate our actions to the public and our licensees. The NRC works hard to engage the public in a variety of formal and informal ways, but I believe we can do better. I plan to focus on providing increased opportunities for that dialogue and emphasizing the need to ensure diverse opinions are represented when we make decisions. All of our stakeholders will not always agree with the agency, but they should feel they are a valued part of a fair process and be able to understand why the agency makes the decisions it does.

We can improve upon our formal processes for participation – from our hearings to our petitions processes to our licensing reviews. And we can improve our communication tools – from our Web site and webinars, to our traditional public meetings. I want to challenge the staff to find ways to make these processes more effective and meaningful.

I believe the issues I have described are important areas of focus to have a firm foundation as a regulator. In the end – just as “the clothes make the man or the woman,” *decisions* make the regulator. This firm foundation of a staff well supported with proper infrastructure, financial effectiveness, and transparent regulatory processes well communicated to the public is the source of solid decision making, but decisiveness is key.

To me, decisiveness means the ability to come to resolution in a predictable manner after open and informed debate. To be decisive, we must understand the public interest and as much of a complicated issue as possible so we can make a policy decision that ensures public health and safety. With the firm foundation I outlined above of clear inspection and enforcement programs, the NRC should continue to send a clear message that we will not accept violations of our safety and security requirements. The public demands that from a regulator. The licensees should expect that from a regulator.

When dealing with existing nuclear power plants there are several areas in which we can be more decisive. Fire protection regulations are a good example of the failure of the regulator to be decisive enough. The NRC’s technical analyses tell us that the risk of fire is a significant contributor to safety concerns at nuclear plants, and this is an issue that must be resolved more than three decades after the Brown’s Ferry fire. Because much of the existing fleet of reactors was not built with modern fire protection standards in mind, fire protection regulations have presented a long-term challenge. As a result, a lack of decisive action to address this situation has led to an unwieldy and confusing patchwork of requirements frequently resulting in exemptions, long-term ‘interim’ compensatory measures, and manual operator actions to ensure public safety.

We have made progress, but I think there is more work to be done. Our stakeholders are watching and wondering why we allow these issues to remain open. We know we can do better and we must. I still believe that fire protection will most easily be resolved by transitioning to new performance-based regulations. But in the end licensees must either be in clear compliance with their original licensing requirements or the new performance-based requirements. Fire protection is one of a few longstanding safety issues needing final resolution. I intend to see these safety issues – fire protection and emergency core cooling systems – resolved once and for all during my tenure as Chairman.

Decisiveness will also be important as the NRC continues to review applications for new power reactors, fuel cycle facilities and uranium recovery facilities. With a strong foundation, good communication, and a decisive ability to move forward, I believe we will be well positioned to address the challenges posed by the new licensing work.

As Chairman, I intend to keep the staff’s focus on safety and security with clear guidance and expectations for their review and to keep the applicants focused on high-quality applications. Applicants should provide complete applications and prioritize those facilities most likely to get built if they receive a license. There will be challenges, in particular as we test out the new reactor construction process. We must work to ensure the resources and infrastructure are in place to support the construction and vendor inspection program and the complicated endeavor of

Inspections, Tests, Analyses, and Acceptance Criteria reviews for new reactors. Decisions must be made now to prepare both of these programs. I am confident that we can successfully meet these challenges in an effective way with safety at the heart of our decisions.

There are also areas where we are not quite as certain we will see activity, but where advanced planning, at least at a basic level, should be explored. For instance, we should transparently communicate licensing requirements for the review of potential reprocessing or recycling applications. The agency will need to develop its regulatory infrastructure to be able to effectively complete such reviews, and we should be communicating with all of our stakeholders now to determine the appropriate timeframe for such a resource-intensive effort. But we should only embark on this effort if we are confident we will receive an application to review. This allows us to provide more predictability to the applicants as a whole, better resource planning for our staff, and ultimately more public confidence for those on whose behalf we regulate.

There are also areas where we should proactively be looking for ways to be more decisive in ensuring the protection of public health and safety. These areas include finding avenues to support the earlier movement of fuel from wet to dry storage, seeking ways to improve our ability to quickly review and adopt new scientific standards when they are developed, and encouraging licensees to improve probabilistic risk assessment models if they want the agency to invest more in risk-informed, performance-based regulations. There is continuing work as we take a hard look at our low-level waste disposal options and as we proactively engage to further strengthen the important area of cyber-security. I intend to pursue a dedicated focus on these areas in my role as Chairman.

As a final comment, I want to shift my focus a bit to the international community. As an effective and decisive regulator, I believe the NRC has an important role to play demonstrating the strengths of our regulatory approach on an international stage. Nuclear regulation is now a global enterprise, and we learn from sharing information with other nations and by receiving operating experience and information on emerging issues from reactors in other countries. Like other agencies, the NRC also has a role to play in ensuring that the nation's non-proliferation objectives are met. We work with our regulatory counterparts in other countries to promote non-proliferation goals and we have an independent role to play in evaluating the export and import of civilian nuclear materials to ensure they promote the common defense and security. As Chairman, I intend to continue to engage in these areas to ensure the safety and security of radioactive sources and materials here in the United States and abroad.

Let me close by reiterating my belief that the NRC is built upon a firm foundation. There are areas where we need to focus to maintain and improve this foundation that I have outlined for you today. This firm foundation provides the basis upon which to make solid decisions.

As Theodore Roosevelt said, "In a moment of decision, the best thing you can do is the right thing. The next best thing is the wrong thing. And the worst thing you can do is nothing." As Chairman of the NRC, my goal of course will be to do the right thing as often as possible. After all, we cannot afford to do the wrong thing when it comes to nuclear materials. Our mission leaves us little room for error. And being a firm and decisive regulator means we should think hard about our decisions when we decide to do nothing. We should ensure a wide group of stakeholders are engaged and that all sides of an issue are considered. In the end, decisions will need to be made.

I believe the NRC is an effective regulator, and I believe we should challenge ourselves not only to maintain that standing, but to improve upon it. I intend to focus my time and energy as Chairman upon doing just that, and I look forward to working with my Commission colleagues, the dedicated staff of the agency, and all of our stakeholders in finding the most effective ways to accomplish these goals.

I hope you have found that today, I did not just keep my voice box in “working order” but that I provided a clear direction for the approach I intend to take as Chairman. Soon I will provide the detailed policy and staff initiatives that underlie the more general principles I provided today. The agency has much work in front of it and many dedicated staff behind it. That combination has proved to be successful in the past, and I look forward to continuing to encourage excellence at the agency.

Thank you, and I look forward to any questions you may have.