

STATEMENT
BY GREGORY B. JACZKO, CHAIRMAN
UNITED STATES NUCLEAR REGULATORY COMMISSION
TO THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEES ON ENERGY AND POWER, ENVIRONMENT AND THE ECONOMY
MARCH 16, 2011

Mr. Chairmen, Ranking Members Rush and Green, and Members of the Subcommittees, I am honored to appear before you today to discuss the Fiscal Year (FY) 2012 budget request for the U. S. Nuclear Regulatory Commission (NRC) and to respond to any questions that you may have. During the past few weeks, I've had an opportunity to meet with a number of you and your staff. I appreciate these conversations and your interest in the NRC's work. I look forward to working with all of you as this session of Congress continues.

The NRC is an independent Federal agency established to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. Our critical mission entails broad responsibilities for the agency. The NRC currently licenses, inspects, and assesses the performance of 104 operating nuclear power plants, as well as many fuel cycle facilities and research and test reactors. Furthermore, nuclear materials are in use at thousands of hospitals, universities, and other locations around the country. Each of these facilities and materials users presents different challenges for the NRC and requires that the NRC develop and sustain a diverse array of regulatory capabilities. The safety and security of these facilities and materials is, and always will be, our number one priority.

The NRC's Safety goal is to ensure adequate protection of public health and safety and the environment. The agency's safety program objectives are to prevent the occurrence of any nuclear reactor accidents, inadvertent criticality events, acute radiation exposures resulting in fatalities, significant releases of radioactive materials and significant adverse environmental impacts. The Security goal is to ensure adequate protection in the secure use and management of radioactive materials. The security program objective is to prevent any instances in which licensed radioactive materials are used in a hostile manner in the United States.

The NRC can be proud of its strong track record and our recognition by the international community as a leader in regulating the nuclear industry. The Commission cannot give enough credit for the NRC's effectiveness as a regulator to the NRC's diverse, hard-working, talented, and dedicated staff. The Commission is continually impressed by their expertise, experience, diversity, and commitment to public service.

It is important that the NRC maintain our commitment to continuous improvement. That has long been a defining value of the NRC and a key to our success in meeting our important safety mission. We have a responsibility to the public to always try to do better – whether by planning and prioritizing to allow for more timely implementation of agency actions by licensees, or by communicating more effectively to better engage stakeholders in agency decisions.

We also, however, have an additional imperative, in light of the prevailing budgetary climate and the strong desire by many to see federal agencies do more with less. No matter the outcomes of these current budget decisions, the agency must continue focusing on the critical task of how to make the most efficient use of our funds. The NRC must ensure that we are in

the strongest possible position to efficiently and effectively use our financial resources to meet our mission.

In this area, as in many others, good process is the key to good outcomes. In accordance with the Government Performance and Results Act, the NRC is taking steps to improve our strategic planning and annual performance plans in order to achieve greater alignment of goals and performance across the agency. As part of the NRC's efforts to build a Strategic Acquisition Program, we are taking steps to ensure agency contracting initiatives are implemented in a more timely and efficient manner. We have resources dedicated to other business process improvements including the Transforming Assets into Business Solutions (TABS), a task force focused on identifying the most efficient, effective and cost-conscious manner for the NRC to accomplish its corporate support functions.

These initiatives allow us to fully meet our safety and security responsibilities while also effectively reviewing applications associated with a renewed interest in the construction of new nuclear power plants and applications to construct and operate facilities that are part of the nuclear fuel cycle. The NRC is actively reviewing 12 combined applications to construct and operate new nuclear power reactors. Five different reactor designs are referenced in these applications; the NRC is currently reviewing the design applications for certification. If these design certifications are approved they will be available to be referenced in future COL applications, and thereby make those reviews more straightforward. The NRC is also performing safety, security, and environmental reviews of facility applications, a uranium deconversion facility application, and applications for new uranium recovery facilities.

With these efforts as a backdrop, the agency has formulated its FY 2012 budget to support the agency's Safety and Security strategic goals and objectives.

Specifics of the FY 2012 Budget Request

The NRC's FY 2012 budget request is organized by business lines within our two program areas: (1) Nuclear Reactor Safety, and (2) Nuclear Materials and Waste Safety Programs. The NRC's proposed FY 2012 budget for both programs is \$1,038.1 million, including 3,981.0 full-time equivalents (FTE), which represents a decrease of \$28.7 million, including an increase of 0.8 FTE, when compared to the FY 2010 funding levels. The funding levels reflected above also support the Office of the Inspector General (OIG). The OIG FY 2012 proposed budget of \$10.9 million includes resources to carry out the Inspector General's mission to independently and objectively conduct audits and investigations to ensure the efficiency and integrity of NRC programs and operations and to promote cost-effective management.

Pursuant to the provisions of the Energy Policy Act of 2005, the NRC's FY 2012 budget provides for 90 percent fee recovery, less (1) appropriations from the Nuclear Waste Fund, (2) appropriations to implement Section 3166 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, (which pertain to waste incidental to reprocessing), and (3) appropriations to conduct generic homeland security activities. Accordingly, \$909.5 million of the FY 2012 budget would be recovered from fees assessed to NRC licensees and applicants. This would result in a net appropriation of \$128.6 million, which is a decrease of \$26.1 million in net appropriations when compared to the FY 2010 funding levels.

Nuclear Reactor Safety Program

The Nuclear Reactor Safety Program encompasses NRC efforts to license, regulate, and oversee civilian nuclear power, research, and test reactors in a manner that adequately protects public health and safety and the environment. This program also provides high assurance of the

physical security of facilities and protection against radiological sabotage. This program contributes to the NRC's Safety and Security goals through the activities of the Operating Reactors and New Reactors Business Lines, which regulate existing and new nuclear reactors to ensure their safe operation and physical security. Overall resources requested in the FY 2012 budget for the Nuclear Reactor Safety Program are \$800.8 million, including 3,032.9 FTE. This funding level represents an overall funding decrease of \$8.0 million, with an increase of 48.4 FTE when compared with FY 2010 funding levels.

Within this program, the Operating Reactors Business Line supports the licensing, oversight, rulemaking, research, international activities, generic homeland security, and event response associated with the safe and secure operation of 104 civilian nuclear power reactors and 31 research and test reactors. The FY 2012 budget request for operating reactors is \$521.3 million, including 2,064.4 FTE. This represents an overall funding decrease of \$20.5 million, including 26.3 FTE, when compared with FY 2010 funding levels. Examples of activities that the requested resources would support include the following:

- conduct technical review for 950 licensing actions, including complex actions such as license amendment requests from power reactor licensees adopting the requirements for performance standards for fire protection, often referred to as National Fire Protection Association (NFPA) 805
- review extended power uprate requests for increasing electric generating capacity and one improved standard technical specification conversion
- conduct 13 active, high- and medium-priority rulemaking activities
- conduct critical research and test reactor project management functions pertaining to license renewal application efforts, and applications to produce medical isotopes
- continue reviews of 12 license renewal applications
- conduct inspection activities for the 104 operating nuclear power reactors, including the component design-basis inspections, fire protection inspections, and generic issues inspections (approximately 100 per year)
- continue the Resident Inspector Pipeline Initiative to maintain an experienced and stable onsite inspection presence of qualified resident inspectors at the 104 nuclear power reactors

- conduct domestic and international security reviews and support for screening approximately 3,000 national and international operational events, with detailed evaluation of approximately 200 of those events
- carry out cyber security evaluations, as well as 24 force-on-force security inspections to complete a 3-year cycle for inspecting power reactors
- evaluate licensee emergency preparedness during biennial exercises

The resources within the Operating Reactors Business Line reflect a decrease in license renewal activities because of schedule changes, and the reduced number of applications that will be under review.

The New Reactors Business Line supports the licensing, oversight, rulemaking, research, international activities, and generic homeland security associated with the safe and secure development of new power reactors from design, site approval, and construction to operational status. The FY 2012 budget request for new reactors is \$279.5 million, including 968.6 FTE.

This represents an overall funding increase of \$12.5 million, including 74.8 FTE, when compared with FY 2010 funding levels. Examples of activities that the requested resources will support include the following:

- perform licensing and hearing support for 15 combined licenses, including two new combined license applications during FY 2012
- certify one design certification amendment, continue licensing reviews, rulemaking, or both on five applications and begin pre-application review on a new design
- review two early site permit applications and begin review of one new application expected in FY 2012
- develop and implement the construction inspection program
- inspect the four reactors expected to be under construction
- continue licensing and oversight activities for the construction of Watts Bar Unit 2
- conduct 15 domestic and international vendor inspections of component manufacturing quality
- conduct pre-application activities for two small modular reactor designs
- perform an acceptance review and initiate a design certification review for one small modular reactor
- continue the implementation of the Next Generation Nuclear Plant licensing strategy, which was developed in accordance with the Energy Policy Act of 2005

- continue to develop the regulatory framework that integrates the use of risk insights into the review process and support the resolution of key policy and safety issues associated with small modular reactors

The New Reactors Business Line shows an increase primarily driven by construction oversight of two new potential reactors under construction (for a total of five) and by development of the workforce to support inspection of up to an additional six reactors in future years. In addition, resources increase to support the review of new advanced reactor applications, increased pre-application interactions with prospective applicants, and funding for the one-time build-out of a new Headquarters office building.

Nuclear Materials and Waste Safety Program

The Nuclear Materials and Waste Safety Program encompasses the NRC's responsibility to license, regulate, and oversee nuclear materials and waste in a manner that adequately protects public health and safety and the environment. This program's goal is to verify the safety and security of materials and waste and protection against radiological sabotage, theft, or diversion of nuclear materials. Through this program, the NRC regulates uranium processing and fuel facilities; research and pilot facilities; nuclear materials users (medical, industrial, research, and academic); spent fuel storage; spent fuel storage casks and transportation packaging; decontamination and decommissioning of facilities; and low-level and high-level radioactive waste.

Overall resources requested in the FY 2012 budget for the Nuclear Materials and Waste Safety Program are \$226.5 million, including 868.5 FTE. This funding level represents an overall funding decrease of \$20.7 million, including 49.6 FTE, when compared with FY 2010 funding levels.

Within this program, the Fuel Facilities Business Line supports licensing, oversight, rulemaking, research, international activities, generic homeland security, and event response associated with the safe and secure operation of various fuel facilities, such as conversion, enrichment, and fuel fabrication facilities, and nuclear fuel research and pilot facilities. The FY 2012 budget request for fuel facilities is \$55.2 million, including 226.5 FTE. This represents an overall funding increase of \$0.6 million, including 18.2 FTE, when compared with FY 2010 funding levels.

Examples of activities that the requested resources would support include the following:

- licensing and oversight activities associated with fuel facilities and licensees with greater than critical mass quantities of special nuclear material
- operation and maintenance of the Nuclear Material Management and Safeguards System database and the Nuclear Materials Information Program
- emergency preparedness, security, and licensee performance reviews
- licensing, certification, inspection, oversight, environmental reviews, research, adjudicatory, enforcement, allegation, and other regulatory activities associated with new and operating fuel facilities, including uranium conversion and enrichment and fuel fabrication
- completion of mandatory hearings on the uranium enrichment license applications for the AREVA centrifuge and General Electric-Hitachi laser enrichment facilities
- licensing review of the International Isotopes depleted uranium deconversion facility
- oversight of construction activities at the proposed Mixed Oxide (MOX) Fuel Fabrication Facility and commencement of construction of the AREVA, General Electric-Hitachi, and International Isotopes facilities

The Fuel Facilities Business Line resources increase to account for the significant construction activities planned at the MOX facility; the commencement of construction at the AREVA centrifuge and General Electric-Hitachi laser enrichment facilities, and the International Isotopes depleted uranium deconversion facility; and to reflect staffing required at resident inspector offices. Resources also increase to support rulemaking activities regarding the potential licensing of reprocessing facilities. These increases are offset by the completion of the licensing and environmental reviews of the AREVA and General Electric-Hitachi license applications, as well as the completion of the licensing and environmental reviews for the International Isotopes depleted uranium deconversion facility application.

The Nuclear Materials Users Business Line supports the licensing, oversight, rulemaking, research, international activities, generic homeland security, event response, and State, Tribal, and Federal program activities associated with the safe and secure possession, processing, handling, and use of nuclear materials for the many and diverse uses of these materials.

Resources also support the National Materials Program and the Agreement State activities. The FY 2012 budget request for nuclear materials users is \$92.1 million, including 347.1 FTE. This represents an overall funding increase of \$0.4 million, including 9.1 FTE, when compared with FY 2010 funding levels. Examples of activities that the requested resources would support include the following:

- completion of 2,500 materials licensing actions and 1,000 routine health and safety inspections, including naturally occurring and accelerator-produced radioactive material and security inspections
- event evaluation, research, incident response, allegation, enforcement and investigations, and rulemaking activities to maintain the regulatory safety and security infrastructure needed to process and handle nuclear materials
- materials activities related to State, Tribal, and Federal programs, including oversight, technical assistance, regulatory development, and cooperative efforts
- operation of the National Source Tracking System, a secure, Web-based, nationalized central registry designed to enhance the accountability for radioactive sources
- development of the Integrated Source Management Portfolio, which consists of the National Source Tracking System, the Web-Based Licensing System, and the License Verification System
- reviews of 135–180 import/export of nuclear equipment and material license applications
- investigations into 45–55 allegations of materials-related wrongdoing

The Nuclear Materials Users Business Line resources increase slightly because of adjustments made within the business line to cover emergent activities. Overall, a slight increase resulted to address the workload associated with the implementation of the Integrated Source Management Portfolio major information technology system, which consists of the National Source Tracking System, the Web-Based Licensing System, and the License Verification System.

The Spent Fuel Storage and Transportation Business Line supports the licensing, oversight, rulemaking, research, event response, and international activities associated with the safe and secure storage of spent nuclear fuel and safe and secure transportation of radioactive materials. The FY 2012 budget request for spent fuel storage and transportation is \$41.2 million, including 152.4 FTE. This represents an overall funding increase of \$7.4 million, including 29.7 FTE, when compared with FY 2010 funding levels. Examples of activities that the requested resources would support include the following:

- review of license requests for site-specific independent spent fuel storage installations (ISFSIs), dual-purpose (storage and transport) casks, transportation security plans, and route approvals to support safe and secure domestic and international transportation of radioactive materials, regulatory requirements for full-core offload capability at operating reactor sites, and transfer of spent fuel to ISFSIs to support reactor decommissioning
- regulatory improvements to the proficiency and effectiveness of the licensing, inspection, and enforcement programs associated with storage and transportation of spent nuclear fuel
- inspection of storage cask and transportation package vendors, fabricators, and designers to ensure safety
- resolution of technical issues associated with allowance of burn-up credit for transportation and storage casks and the transportation and storage of high burn-up fuels (greater than 45 gigawatt-days/ metric tons of uranium)
- interaction with the International Atomic Energy Agency and other international regulators to inform the development of the regulatory framework for transportation of radioactive materials, long-term spent fuel and high-level waste storage, deferred transportation, and ultimate geologic disposal

The Spent Fuel Storage and Transportation Business Line resources would increase to develop the information necessary to evaluate extended long-term storage of radioactive material.

Resources are provided for a risk-informing gap study to identify methods, data, decision criteria, and regulatory actions that are needed to implement a regulatory framework for very long-term (more than 120 years) dry spent fuel storage that is enhanced by risk insights.

Resources will also support a scoping study for a generic environmental impact statement for ensuring protection of the environment from such spent fuel storage. Resources will also be provided to conduct research on technical issues associated with this storage, and to coordinate

with international partners on options for harmonizing international standards for certification of transport packages and licensing of storage cask designs.

The Decommissioning and Low-Level Waste Business Line supports the licensing, oversight, rulemaking, research, and international activities associated with the safe and secure removal of a nuclear facility from service and reduction of residual radioactivity to a level that permits release of the property and termination of the NRC license. The FY 2012 budget request for decommissioning and low-level waste is \$37.9 million, including 142.6 FTE. This represents an overall funding decrease of \$0.3 million, including 7.6 FTE, when compared with FY 2010 funding levels. Examples of activities that the requested resources would support include the following:

- project management and technical reviews for decommissioning activities for 10 power reactors, 10 decommissioning research and test reactors, 24 decommissioning materials facilities, 21 inactive Title I decommissioning, 11 Title II decommissioning, uranium recovery facilities, and five sites that are under general license with the U.S. Department of Energy (DOE)
- interfaces with licensees, applicants, Federal and State agencies, the public, other stakeholders, and Native American Tribal governments
- 8 environmental reviews and 11 safety reviews (hearings included) in support of licensing and oversight of uranium recovery facilities
- oversight of certain DOE waste determination activities and plans for waste incidental to reprocessing consistent with the NRC's responsibilities in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005

The Decommissioning and Low-Level Waste Business Line resources decrease reflect a refocusing of long-term waste research activities and adjustments made to the contract, travel, and training needs and other carryover balances for waste incidental to reprocessing work.

The High-Level Waste Repository Business Line supports activities associated with DOE's Yucca Mountain geologic repository application. This activity terminates in FY 2011. No resources are requested in FY 2012 for this business line.

In the FY 2012 budget structure, the New Fuel Facilities and Operating Fuel Facilities Business Lines were merged into the Fuel Facilities Business Line.

Mr. Chairmen, Ranking Members, and Members of the Subcommittees, this concludes my formal testimony on the NRC's FY 2012 budget request. On behalf of the Commission, thank you for the opportunity to appear before you. I look forward to continuing to work with you to advance the NRC's important safety mission. I would be pleased to respond to any questions that you may have. Thank you.