

No: S-14-004

March 12, 2014

CONTACT: Office of Public Affairs, 301-415-8200

**“Charting the Right Course in Difficult Times”
The Remarks of Commissioner William C. Ostendorff
USNRC 26th Annual Regulatory Information Conference Commissioner Plenary
March 12, 2014
Bethesda, Maryland**

WELCOME

Good morning. I am pleased to be with you today. It is a privilege to once again address this audience of distinguished colleagues from the global nuclear safety community.

Before I begin, I have a few notes of appreciation. First, I want to thank the NRC staff who work so hard every year to prepare for the RIC. I commend you for the thoughtful, relevant, and engaging agenda.

Second, I want to thank the entire NRC staff, fellow Commissioner colleagues, and their staffs. We have had to address many tough technical and policy issues over the past year. I continue to be impressed with the caliber of work and collegiality that I see on a daily basis.

One final note of special thanks to two members of my personal staff. First, Andrea Kock left my office last year after three years as my materials advisor. Andrea was selected for the Senior Executive Service Candidate Development Program and is now serving in a senior position in NRR. Second, Kimberly Sexton, my attorney since July 2011, is leaving in a few weeks to head to a key position in Legal Affairs at the Nuclear Energy Agency. I could not have asked for two more high performing, professional, and collegial individuals. I am most grateful for their hard work and service to the NRC. Thank you, Andrea and Kimberly.

INTRODUCTION

This is now my fourth RIC with you as a Commissioner. I want my remarks to be relevant and hopefully offer some insight into the thought process of a Commissioner. Last year I offered perspectives on my view of our adequate protection framework and how that has shaped my decision-making. Coming to this year’s topic required thoughtful reflection.

2013 was a busy year for the nuclear industry and the NRC. Announcements of nuclear plant shutdowns concurrent with progress being made on new plant construction sent mixed signals as to the future of the industry. Concerns on the structure of electricity markets, post-Fukushima implementation

actions, waste confidence, and the Yucca Mountain SER were also in the news, just to name a few. I will not address specifics here; you know the landscape well.

My staff and I evaluated several topics related to the Commission and how we conduct the nation's business as a nuclear safety regulator. That staff discussion concluded in a decision to address how we, the NRC, conduct ourselves as an independent regulatory agency charged with a nuclear safety mission.

When faced with challenging economic and technical issues, court remands, Congressional inquiries, and public citizens' concerns, I have tried, as do my fellow Commissioners, to ensure that the NRC is charting the right course. I ask if we are operating consistent with our principles and processes as we execute our nuclear safety mission. In evaluating this, I personally look to three factors that I believe are the foundational attributes of an independent regulatory agency:

- First, **Independence** – meaning, is the Commission remaining independent of undue influence?
- Second, **Technical Competence** – are our staff meeting and maintaining the highest standards necessary for our industry?
- Third, **Transparency** – is the agency operating in an open, frank, and candid manner?

INDEPENDENCE

Starting with independence, I will address the importance of our independence within the U.S. Government structure. At the heart of this is the fact that the NRC does not report to any other agency within the Executive Branch of the United States Government. That means the NRC is not subject to the supervision of the President or any cabinet officer. But, the President is responsible for appointing the five Commissioners, who, like myself, are confirmed by the U.S. Senate. The Commission is intended to be bi-partisan, as no more than three of us can be from the same political party. The President also has the responsibility for designating one of the five Commissioners as the Chairman.

There is a strong role for the Legislative Branch as well. The NRC receives its budget appropriation each year from the U.S. Congress and is subject to Congressional oversight. We believe that cooperation with and reporting to our Congressional oversight committees is essential. Between 2003 and 2010, the Commission averaged 1-2 hearings a year. Since Fukushima, we have testified on the Hill at 11 oversight hearings. These are valuable opportunities for the Commission to respond to tough, probing questions from our oversight committees, as well as to speak to the public about the positions we are taking on important safety issues. We therefore welcome the opportunity to testify before Congress. We are always committed to keeping Congress fully and currently informed. But, we must remain mindful of any instance where oversight could potentially be perceived to cross the line into interference with Commission decision-making. The Constitution establishes a separation of responsibilities between the Executive and Legislative branches and this principle has been upheld by the courts.

Independence is not just about independence within the government. It also reflects our need to be independent of other outside influences. Rejecting improper outside influence, from any source, is crucial to our safety mission. At the same time, as is enshrined in our Principles of Good Regulation,

“independence does not imply isolation.” We cannot simply close ourselves off when subjected to criticism from our stakeholders. We must do all that we can to consider those stakeholder interests, including those from the public who may not see eye-to-eye with our regulatory actions.

The NRC views itself as a technical organization of dedicated staff regulating nuclear power outside the scope of politics or improper outside influence. While this agency has faced a number of challenging issues over the past year, I believe that at all times we have successfully maintained our independence.

TECHNICAL COMPETENCE

Independence alone, however, does not ensure responsible regulatory decision-making. Technical competence is a key component of this and one that is of greatest importance to the NRC and to me as a Commissioner. The NRC is somewhat unique, in my experience, among many agencies or departments in the federal government in that the technical competence inherently resides in the staff. For example, of our engineers, scientists, and technical managers, half have attained post-graduate degrees. There are almost 1200 employees with masters degrees and over 300 with PhDs. This technical expertise provides the NRC with the ability to make reliable and technically-sound regulatory decisions based on the best available knowledge.

But, it also places a great deal of pressure on us to always have the best and the brightest on our staff, and to ensure that they remain that way. In my discussions with new entrant countries, as well as those considering entering the civilian nuclear power arena, I always emphasize that one should not underestimate the work it will take to build, and then sustain, a technically competent workforce. In the United States, we have a few advantages, namely universities that offer top-notch engineering programs as well as our Naval nuclear power program. My 26 years in the nuclear Navy helped shape my views on this topic. Admiral Rickover, the father of the nuclear Navy, had an uncompromising commitment to high standards of technical excellence. Every task on a submarine from starting up the reactor to proceeding to periscope depth to conducting Trash Disposal unit operations is performed by men, and now by women, who have undergone an exhaustive training and qualification program. I have seen the benefits of high technical competence throughout my professional career.

My staff said I could tell one sea story today. When qualifying to serve as Engineer in 1980, nuclear trained officers had to be able to draw from memory and explain the operations of all primary plant valves and piping in the reactor plant. One particular focus was the inter-connections between the reactor air system and the hydraulic system used to operate certain valves. This specific diagram, which I and many others—including some of you in the audience—committed to memory was a somewhat challenging task. I did it, but never had to really use it until the fall of 1986, serving as engineer officer on a former ballistic missile submarine that had been converted to a special warfare delivery attack submarine. I cannot discuss the details, but simply say that we had a significant incident concerning a failed valve in the reactor plant. I cannot tell you how glad I was, while wrestling with a very challenging safety problem as engineer, to have a firm grasp of that diagram that had been a standard of learning for all prospective nuclear engineer officer candidates (and likely is still expected today). And, I can attest to these standards of technical excellence being upheld to the highest levels from my interview with Admiral Rickover in 1975 through my reports to Naval Reactors as a submarine squadron commander in 1999.

The NRC's commitment to technical competence is no different. The NRC focuses a great deal of attention on training and development. In fact, just like with the nuclear Navy, we believe that knowledge and experience are the keys to carrying out the NRC's mission. Our commitment to career training and development helps maintain the NRC's rank as among the best federal agencies in the government for ensuring that employees' development needs are assessed and appropriate training is offered.

Technical Competence in Action

Our well-trained, and highly competent staff faced a number of difficult judgments in 2013 that really highlighted just how prepared they were. For example, staff in headquarters and the regions worked together to determine that Fort Calhoun and the Honeywell uranium conversion plant in Metropolis, Illinois were ready to safely restart after extended shutdowns. Having been initially placed in Column IV of the Reactor Oversight Process (ROP) Action Matrix in FY11, the Fort Calhoun Station was later subjected to increased NRC oversight. In December 2013, after more than 23,000 hours of extensive NRC inspections and detailed evaluations to independently review more than 450 restart action items, the NRC reached the conclusion that the plant, people, and processes were ready to support a safe restart.

The NRC also authorized Honeywell's Metropolis facility to restart operations after being shut down for over a year. As a result of post-Fukushima inspections, the NRC identified the potential for a large release of uranium hexafluoride and hydrogen fluoride during a credible seismic event. Almost a year of evaluation, analysis, and review were required by all parties to determine what modifications were needed to achieve adequate levels of safety. As a result, Honeywell fortified the conversion building and modified the process equipment by adding supports and an automatic shutdown system that immediately stops operation if an earthquake occurs. There was no blueprint for this type of work. The successful resolution of these issues was the result of a tremendous amount of high-quality work from our regional and headquarters staff in addition to that of the licensee.

Our staff is also overseeing the first new nuclear construction in the United States in over 30 years at the new units at Vogtle, Summer, and Watts Bar 2. The agency dispatches as many as five resident construction inspectors during the pre-operational phase of construction to oversee the day-to-day activities. Oversight of construction activities such as pouring of safety-related concrete or assembly of modules requires special skills. Fortunately we have developed effective recruiting and training programs to ensure that we can deploy appropriate expertise to almost any situation.

I place a high value on the NRC's independent analytical capability and its role in supporting realistic safety decisions by the agency. For example, the Commission is currently deliberating on whether additional study is warranted to assess possible regulatory action to require expeditious transfer of spent fuel from nuclear power plants' spent fuel pools to dry cask storage. The staff provided a thorough and systematic analysis of the potential consequences of a beyond-design-basis seismic event affecting the spent fuel pool. This in-depth technical analysis provides the Commission with the best available information upon which to base its decision making.

The NRC's analytical capabilities have been particularly valuable in supporting the NRC's review of new reactor design certifications. NRC staff have conducted confirmatory calculations in areas such as seismic and structural analyses and thermal hydraulic analysis of transients and accidents.

These capabilities are also critical to our ability to perform our oversight of licensees' reassessment of external hazards in the aftermath of Fukushima.

The expertise of our regional and headquarters inspectors also plays a critical part in our safety mission. In late February, I had the opportunity to visit Calvert Cliffs during the refueling outage for Unit 1 and meet with several NRC inspectors who were on-site, observing licensee activities such as inservice inspection of the reactor vessel head, shutdown plant operations, and various maintenance activities. Their role in the oversight of nuclear security and safety cannot be emphasized enough.

There are a number of challenges ahead for all of us in this room: further implementing safety-significant Fukushima lessons learned, overseeing new decommissioning activities, licensing a new generation of nuclear power plants, and cyber security, just to name a few. Successfully addressing these issues requires a staff that day-in and day-out exhibits the highest standards of technical competence. But, we cannot assume that simply because we have technical competence now that we will always have it in the future. And, we should never apologize for having high standards.

Let us now turn to transparency.

TRANSPARENCY

We do not occupy a space where we can say "trust us, we're the government." As explained in our Principles of Good Regulation: "Nuclear regulation is the public's business, and it must be transacted publicly and candidly." Because nuclear energy is not easily understood, the more transparent we are, the more the public can trust the actions we take. President Lyndon B. Johnson once noted, "a democracy works best when the people have all the information that the security of the nation will permit." If we transact our business in an open, frank, and candid manner, that transparency promotes the utmost accountability of our agency.

Based on my experience working in and with other agencies and departments in the federal government, the NRC is by far the most transparent of all those places. I think that our transparency is truly a hallmark of this agency. We hold over a thousand public meetings a year; made more than 100,000 documents public in 2013 alone; and are constantly looking for new and innovative ways to communicate with our stakeholders. One of the most striking examples to me is that as a Commission, with a few exceptions for security, adjudications, and budgetary matters, we make our votes public. With these votes, you are able to see into the minds of the Commissioners to find out why we voted the way we did. And most of these votes are not simple matters of checking approve or disapprove. These written notation votes can sometimes be multi-page narratives that go deep into our analyses and rationales for our determinations. I am not aware of any other government agency that provides this kind of transparency into the minds of the decision-makers.

A telling example of the commitment to transparency at the staff level is in our handling of the Waste Confidence issue. The directorate responsible for this undertaking holds monthly public teleconference status meetings where interested parties and members of the public are invited to participate and ask questions. It also held 13 public meetings all over the country with over 1,400 people in attendance to discuss and solicit comments on the Waste Confidence proposed rule. The NRC's official public comment period lasted 98 days. Approximately 32,000 comments were received in response. The comments will be evaluated and considered in the final generic environmental impact statement and rule.

At the same time, I think it is important to acknowledge that even with an absolute commitment to transacting our business publicly, there are simply some things that are not appropriate to share because of timing or the nature of the issue. For example, while we try to release as much information as possible, it would be inappropriate and in some cases irresponsible, for the agency to release ongoing investigatory information, adjudicatory information, or sensitive security information. Thus, there is an inherent tension for an agency committed to operating in a transparent manner. This is not something we should feel the need to apologize for. Rather, we must clearly communicate our rationale and legal basis. This is exactly what the Commission has done.

CONCLUSION

I will now conclude.

Independence, technical competence, and transparency are my key foundational attributes of an independent regulatory agency. I would suggest that some of these remarks also apply to industry, especially in the area of technical competence and transparency.

While the nuclear industry has maintained an excellent safety record at nuclear power plants over the past two decades, we cannot rest on our achievements.

It is not enough for us all to say that nuclear power can be operated safely. Public trust is earned through our actions responding to these challenges. Therefore, it is our job, as regulators and as licensees, applicants, vendors, contractors, etc. to work every day to earn the trust of the public. If we all focus on the safety mission, stay true to our values, and steer the right course, we can continue to promote public trust and confidence.

Thank you both for the opportunity to speak today and for your kind attention.