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**Chairman Allison M. Macfarlane**  
**Prepared Remarks at Organization of Agreement States Meeting**  
**Wednesday, August 27, 2014**  
**Chicago, IL**

Good afternoon. It's my great pleasure to join you for this year's Organization of Agreement States (OAS) meeting. Even though today has been a busy day, with another speech this morning, it's much more enjoyable for me to be here in all three dimensions than to be on another video recording!

I know you had the chance to hear from Commissioner Magwood on Monday, and I echo his and the entire Commission's thanks to you for all of your work to support nuclear safety and security. Let me also extend special thanks to the State of Illinois and our Region III office for hosting this year's conference.

As you'll hear from Mike Weber shortly, the NRC has been doing a lot of thinking about how to be most effective and efficient in the years ahead. Earlier this month, the Commission completed an updated Strategic Plan, and now we're looking to the future. Five years seems to be a standard interval in many strategic planning exercises to consider future scenarios and priorities, including the one upon which our staff is embarking. As I'm sure you've all experienced, what one usually finds in undertaking such an exercise is that a lot can change in what seems like a relatively short period of time.

For example, five years ago when Chairman Dale Klein addressed this group in Ohio, he noted that the NRC was experiencing an increase in new reactor licensing work as a result of a corresponding interest in nuclear power. Today, we face a different future. Large light-water reactor construction has held at five reactors and decommissioning and license renewal issues have taken on greater focus in our day-to-day efforts. Mike will tell you more about the staff's efforts to ensure that we have the necessary resources and skill sets to continue to carry out our mission in 2020 and beyond.

Regardless of what the future holds, the NRC's partnership with the Agreement States remains an essential, consistent aspect of our work. Your oversight role for the majority of nuclear materials licensees in the United States is vital. We recognize that you're often operating under limited resources, and we value your long-standing commitment to safety and security. After my remarks, I'll have the honor of presenting certificates of commendation to several States for 50 years of productive cooperation.

One could imagine that the size, breadth and complex structure of our regulatory program may be confusing. This may also be true for the American public. The NRC has made an effort to provide clear information to the public about the Agreement State program – for example, during the past year, we collaborated with OAS leadership to produce a YouTube video about the Agreement State program. We commend similar efforts you may be making in your States.

Equally important is regular communication between the NRC and the States. In my view, our interactions must continue to go beyond routine notifications. Our staff takes seriously the feedback we receive from States on how we can improve in this area. For example, during our response to the Fukushima accident, a number of States expressed concern that they weren't receiving information.

We not only took this feedback to heart as an agency, but shared it with the other federal agencies that were involved in the Fukushima response. We've taken action to improve our procedures for communicating with States during events. Specifically, we've added staff to our emergency response organization that are dedicated to providing event status and data to state, tribal and local organizations. We plan to leverage the State Liaison Officers to share information with all interested states – not just the "affected" states. In the coming months, we plan to work the new protocols into exercises and we welcome your participation. As always, after our exercises, we look for opportunities for further improvement.

With respect to the broader federal perspective, in an effort to build more robust communications, the NRC is actively participating in the multi-agency Federal Radiological Preparedness Coordination Committee-led efforts to update the Nuclear Radiological Incident Annex for the National Response Framework. This update will be completed in a collaborative manner not just with federal stakeholders, but with input and guidance from state, local, and non-governmental organizations and other relevant parties. Finally, the NRC has also participated in White House-led initiatives after Fukushima that included enhancement of communication and information sharing for international events.

Our work together has remained productive in the past year. Let me highlight a few areas where our cooperation has been especially beneficial, and where your continued insights will assist the NRC in carrying out its activities.

We continue to value our collaboration with the Agreement States on safety culture, and we appreciate your willingness to share best practices with us. As a result of this cooperative effort, staff was able to develop training material for your use that we hope has been beneficial. We also appreciate the Agreement States sharing safety culture best practices with us. This is a great example of how we can work together in the National Materials Program.

We also appreciate Agreement State participation in our Waste Confidence, or Continued Storage, effort. Several individual states submitted comments on the rule and generic environmental impact statement, and numerous others participated in public meetings. This was a substantial undertaking for our staff to tackle in just two years, and I think they did an impressive job. Yesterday, the Commission voted to approve publication of the final rule and generic environmental impact statement in the *Federal Register*. Once the rule becomes effective, the Commission will also lift its suspension of certain licensing actions.

I'd also like to acknowledge the Agreement States' continued cooperation with Integrated Materials Performance Evaluation Program (IMPEP) reviews. We greatly appreciate it when Agreement States are able to effectively address the observations and recommendations in IMPEP reports. I'd especially like to note the impressive progress made by Georgia in boosting their performance during the last year – I'm pleased to say the Commission has decided to end the Georgia Program's probation period. This reflects well on Georgia, other Agreement States and the NRC staff who assisted in the evaluation.

As you're aware, later this year the Commission will consider staff recommendations on an updated and consolidated Policy Statement on the Agreement State Programs and Adequacy and Compatibility of Agreement State Programs. The staff will also present recommendations to the Commission on assessing the adequacy and the compatibility of Agreement State Radiation Control Programs – in particular, whether the metrics used in the IMPEP program should be more performance-based.

We appreciate OAS participation in the working groups related to this effort, as well as the many other working groups that play a vital role in enhancing the collaboration and coherency of the national program. I encourage you to continue to provide your perspectives and input on these important topics.

The NRC carefully considers potential regulatory actions based on a variety of factors, including cost, and conducts analyses to determine which actions are necessary for safety or security. I know the States make similar determinations about the cumulative effects of regulation within your individual programs. To that end, as you are aware and have heard about in this annual meeting, there are a number of NRC rulemaking activities currently underway that would benefit from Agreement State input.

First, the NRC is considering whether to change our radiation protection standards and regulations for radioactive effluents under 10 CFR Part 20 and Part 50, Appendix I, including potential conforming revisions to other parts of our regulations. The Commission has directed the NRC staff to use research studies, information collected as a result of public meetings and *Federal Register* Notices, and international experience to carefully examine our existing regulations and determine what changes may be necessary. We'll also be publishing a proposed rule related to 10 CFR Part 61, which covers Licensing Requirements for Land Disposal of Low-Level Radioactive Waste.

Further, the Commission has released a proposed rule related to the medical use of byproduct material, specifically addressing the issues of medical event definitions, training and experience, and clarifying amendments. We look forward to continuing to work with you in reviewing your perspectives and public comments on the proposed rule as we complete this important set of revisions during the next year.

Another area in which the NRC has benefitted from productive engagement with the Agreement States over the past year is medical isotope production. I spent this morning at the American Nuclear Society International Conference on Isotopes, where I spoke on a panel about the policy aspects of isotope production and, in particular, the possibility of domestic production.

As many of you know, the medical isotope issue has gotten significant attention since the 2011 development of a national policy aimed at establishing a reliable domestic supply. This has raised some complex regulatory issues that have required broad coordination across the NRC. This is, in large measure, due to the fact that there are many possible ways to produce medical isotopes, and each technology comes with its own set of licensing considerations and regulatory challenges.

During this morning's discussion, I reflected on the experience that the NRC and the State of Wisconsin have had in addressing issues related to two potential radioisotope production facilities, SHINE and NorthStar. The facilities would be located a stone's throw from one another, and both technologies use accelerators. But, as SHINE would use uranium and NorthStar would not, each facility would fall under entirely different licensing requirements.

NRC staff analyzed the issues regarding the licensing requirements for these facilities and recommended to the Commission that the regulations for utilization facilities in Part 50 be amended to include the SHINE facility. The Commission has now approved publication of a direct final rule communicating this change. Upon completion of this rulemaking effort, SHINE will be able to apply for a construction permit and an operating license under Part 50. NorthStar, on the other hand, would fall under the State's regulatory purview, which may require a different licensing process on the front end.

With so many complex issues to consider, early communication among the regulators is key as other companies express potential interest in medical isotope production. We'd appreciate continued assistance from the States in getting that message out and encouraging possible applicants to talk to the NRC early. In this regard, our cooperation with the State of Wisconsin has been fruitful.

Also in the medical area, the Commission has recently directed the NRC staff to develop guidance for licensees who administer radiotherapy treatments to patients. The purpose of the direction is to enable our licensees to better inform patients of precautions they should take after being released from radioisotope therapies, and of possible risks associated with those treatments. I know that Commissioner Magwood addressed this in further detail in his remarks – I was pleased to have the opportunity to co-author with him the paper that initiated this task. As the staff completes this assignment, Agreement State input will be valuable.

Lastly, I understand that your coordination with our staff on Part 37 implementation is proceeding well. We believe that the requirements in Part 37 provide a robust secure regulatory framework that is adequate to protect risk-significant sources from theft, sabotage or diversion. We encourage continued communication both among States and with the NRC as you work to implement compatible State requirements by 2016. We also welcome your continued feedback as you implement the security requirements and use the associated guidance.

As you are likely aware, some individual members of Congress continue to express concerns about the security of radiation sources, so we will benefit from your engagement in this important area. We also appreciated your support on the Task Force on Source Protection and Security. I recently transmitted to the President and the Congress the most recent Task Force report, including recommendations for how we can work together to enhance the security of radiation sources. An OAS representative participated on the Task Force as a non-voting member and we appreciate the input and insights provided.

On a related note, our collaboration with the States on the National Source Tracking System also remains productive. There are now more than 80,000 sources registered in the database, with an average of 200 transactions daily. This program is an essential component of U.S. nuclear security efforts. It's widely regarded throughout the Government and other countries have approached us about assisting them in developing similar tracking mechanisms. With nearly 90% of U.S. materials licensees under Agreement State oversight, your role in this process is critical, and we appreciate that you have taken this commitment very seriously.

We've had productive international collaboration, most notably with Canada, on source tracking activities, and this dialogue is expanding. As the United States continues to engage with other countries seeking to learn from our national source tracking experience, there may be opportunities for Agreement States to provide their perspectives.

In discussing the Integrated Source Management Portfolio ISMP, I'd also like to note that use of the Web-Based Licensing System is progressing nicely. While this is not required for Agreement States, our staff has found that the information received from the States who are using the system has been useful and the feedback has been positive. I'd therefore like to encourage you to consider participating in web-based licensing.

I'm pleased to say that our collaboration with our Agreement State partners remains productive. If anyone was keeping a list of the activities I've mentioned this afternoon, I'd imagine it got quite long – though it certainly wasn't exhaustive. Throughout this annual meeting, you've heard about these important initiatives and others as we work together to protect the American public. Through our collective efforts, the National Materials Program, encompassing tens of thousands of licensees and a tremendous amount of hard work, remains strong and effective. I appreciate the opportunity to be here today, and I'd be pleased to answer your questions and listen to your perspectives.

Thank you.