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NUCLEAR REGULATORY COMMISSION
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July 3, 1980

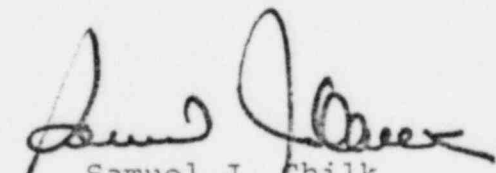
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Transcript of Testimony to be Given June 11, 1979
June 8, 1979

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Samuel J. Chilk
Secretary of the Commission

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POOR QUALITY PAGES

ORIGINAL

NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

CLOSED MEETING

DISCUSSION OF TESTIMONY TO BE GIVEN JUNE 11, 1979

Place - Washington, D. C.

Date - Friday, 8 June 1979

Pages 1-53

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Closed Meeting

DISCUSSION OF TESTIMONY TO BE GIVEN JUNE 11, 1979

Chairman's Conference Room
11th Floor
1717 H Street NW
Washington, D.C.

Hearing in the above matter was convened
at 3:20 p.m., JOSEPH M. HENDRIE, Chairman, presiding.

PRESENT:

JOSEPH M. HENDRIE, CHAIRMAN

VICTOR GILINSKY, COMMISSIONER

JOHN AHEARNE, COMMISSIONER

Messrs. Gossick, Dircks, Burnett, Shapar,
Case, Pasedag, Davis, Howard, ~~Mullen~~, McCormick, Malsch,
Combs, Thomson, and Ong; and Ms. Mullen

Sam

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MELTZER:
jwb

P R O C E E D I N G S

#1

COMMISSIONER GILINSKY: The Chairman said to go ahead without him.

Who is in charge, Lee?

MR. GOSSICK: We just came down with the idea that it might be well to go over the questions, particularly the letter from Chairman Udall, and some rather condensed answers that the staff has put together, and be available to questions and discussions. Anything that might be helpful to you Monday morning.

COMMISSIONER GILINSKY: You don't have any testimony?

MR. DIRCKS: We might point out, we've put these books -- we've got two things, actually, we have prepared. The short proposed paragraph typed answers to the questions that Chairman Udall raised, we did put together this briefing book which should have been delivered to your offices by now, because I took it down at noontime, and the driver gave it to the secretary at noontime.

MR. BURNETT: But just in case they didn't, we brought some extra copies.

COMMISSIONER GILINSKY: Do you want to just run through these and give oral answers? Because the alternative would be for us to simply all read quietly, and there would be nothing to transcribe.

Why this is a closed meeting escapes me.

COMMISSIONER AHEARNE: Don't we have to take a vote of some kind?

COMMISSIONER GILINSKY: Not if there's just the two of us.

COMMISSIONER AHEARNE: Until the time it becomes three.

COMMISSIONER GILINSKY: The only reason that a transcriber would be here is in case another Commissioner would want to know what took place here, but that won't be ready before the hearing, anyway. So I guess there's no reason to be transcribed.

(Discussion off the record.)

COMMISSIONER GILINSKY: Why don't you lay out the bases specifying the level of threat in simple English.

MR. DIRCKS: Okay, the level of threat is basically --

COMMISSIONER GILINSKY: I will pretend to be Mr. Weaver, and John can be whoever he wants to be.

(Laughter.)

MR. DIRCKS: The threat level is basically developed by reviewing ongoing studies and reports that have been planned, plus all those that we've commissioned, and we've given some examples of some of these that we have commissioned and have ongoing.

In addition to these, we have a whole series of studies that have been done, and Sally Mullen has a very comprehensive list, in case someone asks us.

COMMISSIONER GILINSKY: What in fact are the threat levels that apply to -- Are we talking about reactors and fuel cycle facilities?

MR. DIRCKS: It's going to be both.

COMMISSIONER GILINSKY: Why don't you tell us whether it's the same -- what they are, whether they're the same for both.

MR. DIRCKS: Well, currently they're the same. I guess we don't talk in numbers, do we? We talk about a determined --

MR. BURNETT: Several people --

MR. DIRCKS: One inside. Now the upgrade rule --

COMMISSIONER GILINSKY: How do you describe these several people, briefly?

MR. BURNETT: Well, as you know, just talking between us, it's three and one. That is the current threat.

COMMISSIONER AHEARNE: Three outsiders and one inside?

MR. BURNETT: Yes, sir. That is the current threat at both reactors and fuel cycle --

COMMISSIONER GILINSKY: Let me understand, when

you say it is three and one, but we describe it as "several"?

MR. BURNETT: "Several."

COMMISSIONER GILINSKY: The reason for describing it that way is not to be sufficiently precise that someone can take advantage of that information?

MR. DIRCKS: That number is classified.

COMMISSIONER GILINSKY: Okay. But in fact when you apply a template to these facilities, that template is basically three persons?

MR. BURNETT: That's how we review it.

COMMISSIONER GILINSKY: That's the standard to which you hold them, or that's how you prepare your criteria?

MR. BURNETT: That's the summarization. We also assume he's dedicated, well trained, the rest of it.

COMMISSIONER GILINSKY: I understand.

COMMISSIONER AHEARNE: Just a question. The number three, the number one are classified on what grounds?

MR. BURNETT: It would be because it establishes the threat and the adversary would then know your system is designed --

COMMISSIONER AHEARNE: I would like to know -- I understand why you'd like to keep it away from it. I would just like to know technically the grounds.

MR. DIRCKS: I guess that's the number you're prepared to defend against.

COMMISSIONER GILINSKY: Is it national security information? Is it proprietary information?

MR. SHAPAR: It's got to be national security information.

MR. BURNETT: Ray Brady is the one that applied that. He has consistently maintained --

MR. SHAPAR: It's classified, isn't it?

MR. THOMSON: On the safeguard classification guide, an threat number which is published in our our regulations is not classified.

COMMISSIONER GILINSKY: Is that number published in our regulation?

MR. THOMSON: It's published in the Guide, and published in 73-65.

MR. BURNETT: There was a time, Bill, sometime ago, that it did get published. Then later it got eliminated.

COMMISSIONER AHEARNE: Someone ran all over the country cutting it out.

COMMISSIONER GILINSKY: I've never understood it.

MR. CASE: I don't know any legal basis for classifying it.

COMMISSIONER AHEARNE: Howard, do you know anything?

MR. SHAPAR: It's got to be detrimental to the national security if it's classified. There's no other basis under which it would be classified.

MR. DIRCKS: We just have to go on the basis of national security.

MR. SHAPAR: It's a factual question. It's either classified now, or it's not.

MS. MULLEN: When the Task Safeguard was meeting this issue arose. I submitted our justification for threat levels to the Office of Security and was informed that a combination of study information that led to our decision to define the threat level at a specified threat, plus the threat level information, was a classified confidential piece of data, NSI.

COMMISSIONER GILINSKY: Well, it would have to be -- the classified part would have to be that it is as low as three and one. If the number were very much higher, you wouldn't worry about it.

MR. DIRCKS: I guess it serves as a basis for our setting up requirements of the facilities.

MR. BURNETT: And never had this problem. It never got into publication and has remained classified.

(Chairman Hendrie arrived at 3:30 p.m.)

COMMISSIONER GILINSKY: We never have gotten

past the first question.

CHAIRMAN HENDRIE: I see. Was a transcript being taken?

COMMISSIONER GILINSKY: Yes.

CHAIRMAN HENDRIE: Okay, I guess we now have to vote, since there are several of us, we have to now vote to hold a meeting on short notice.

Those in favor?

COMMISSIONER AHEARNE: Aye.

COMMISSIONER GILINSKY: Aye.

CHAIRMAN HENDRIE: So ordered to close it under Exemption 9.

COMMISSIONER AHEARNE: Which is?

CHAIRMAN HENDRIE: Frustration of an agency action.

COMMISSIONER AHEARNE: Aye.

COMMISSIONER GILINSKY: Aye.

CHAIRMAN HENDRIE: So ordered.

MR. DIRCKS: Question one, we have mentioned that we submitted some draft answers to the questions that Chairman Udall sent down. We also mentioned that we had this notebook prepared. We got on question one: What's the basis to setting the threat against which we require safeguards to be taken?

We generally talked about some studies that we

have done, plus a review of any outstanding material in the technical literature.

And then we started talking about what's the actual threat level.

Anymore on question one?

(No response.)

COMMISSIONER AHEARNE: Do we have any information that would say we have known of a group that would have wanted to sabotage a plant -- seriously wanted to sabotage a plant?

MR. BURNETT: No, sir. All the data we have evaluated we classify as analogous..

MR. DIRCKS: I think we've had one or two cases that somebody wanted to --

MR. MC CORMICK: One individual. The guy out in Washington, Trojan, said he had the dynamite and wanted to blow it up until he saw how big it was, and then changed his mind. He claimed it was a group, but the Bureau and Secret Service looked into it and he had no connections with a group.

COMMISSIONER AHEARNE: Why did he want to do it?

MR. MC CORMICK: He claimed he was being paid by a group, but he had no --

COMMISSIONER AHEARNE: Wouldn't your answer be that, while you already had one successful attempt at sabotage?

MR. DIRCKS: Where?

COMMISSIONER AHEARNE: The Idaho reactor, in the United States.

MR. SHAPAR: You mean the SL-1?

COMMISSIONER AHEARNE: Wouldn't that be clearly an example?

MR. SHAPAR: I was a counsel on the investigating board. That's not -- there was lots of speculation.

MR. BURNETT: A man killed himself --

MR. SHAPAR: -- speculation about fooling around with other people's wives, and that kind of thing, but no conclusion at all that it was sabotage.

CHAIRMAN HENDRIE: Bob, what is the current 15-second characterization of a threat level? What are we using currently?

MR. DIRCKS: The current threat level is --

MR. CASE: 73-55, attack by several persons with the following attributes, well trained, military training, dedicated individuals, two inside assistants, attempts to participate either in a passive or an active role, single weapons, et cetera. -- (Inaudible.)

COMMISSIONER AHEARNE: And that applies both to fuel cycle and -- (Inaudible.) -- reactors.

MR. CASE: They'll have to speak to their facilities. Reactors, yes.

that applies to fuel cycle facilities, too.

Sam

MS. MULLEN: ~~The applicant will address.~~

MR. DIRCKS: That was laid out --

MS. MULLEN: (Inaudible.)

CHAIRMAN HENDRIE: It was used for the comprehensive evaluation?

Sam

MS. MULLEN: That's right. *the* ^Y *baseline for* _λ *evaluation* ^λ primarily, _λ evaluation was the threat level just described.

CHAIRMAN HENDRIE: Do we have a reactor page?

MR. BURNETT: Yes, the blue tab in the back.

MR. DIRCKS: And the annual report says that it's the same for both.

COMMISSIONER AHEARNE: Now does it say the bases part of the question -- where did we actually come up with the three and one?

MR. BURNETT: It's a judgment of the data, Mr. Commissioner. The data does not fall out and say the threat is anything. All you can do is look at it. It gives you the historical -- as I say, analogous information. And in fact there are some incidents that go quite high in numbers. There are others that are lower. So we established a prudent level.

COMMISSIONER AHEARNE: But the threat level then is more an assessment by analogy to groups that have attempted to sabotage other things, as opposed to an assessment of what kind of a group would be required to cause significant hazard

out of one of these facilities?

MR. BURNETT: Yes, sir. We started with what we think the threat is --

MR. CASE: And more specifically, for reactor time the threat level itself as set by the Commission did not come up from the staff, it came from the Commission down.

COMMISSIONER AHEARNE: The Commission --

MR. CASE: Commission orders.

MR. BURNETT: That is one very clear point.

COMMISSIONER AHEARNE: Do you recall the grounds the Commission used at that point?

COMMISSIONER GILINSKY: I beg your pardon?

MR. CASE: What it is saying in Reactor Rule 73.55, the threat level was specified by the Commission, as distinguished from being recommended by the staff, and in particular the addition of the insider as part of the threat level was directed by the Commission.

COMMISSIONER GILINSKY: I thought we modified whatever was proposed?

MR. CASE: We came up with the three.

COMMISSIONER AHEARNE: I see, so it was just the one. The three number was established.

MR. CASE: But the one is very significant.

COMMISSIONER AHEARNE: I guess I would have no

problem with the one. It was the three I was questioning.
All right.

COMMISSIONER GILINSKY: The thought there was
the fuel cycle -- the reactor, as I remember, they had
three.

COMMISSIONER AHEARNE: I see. At that time, the
intention was to upgrade the fuel cycle?

MR. DIRCKS: The intention still is. It's in the
upgrade rule.

COMMISSIONER AHEARNE: I realize that.

(Laughter.)

MR. DIRCKS: The upgrade rule started in '76.

e-1 It's just another attempt to get the upgrade rule passed.

MR. DIRCKS: Shall we go to Question 2?

CHAIRMAN HENDRIE: Yes, by all means.

MR. DIRCKS: The bases for determining whether safeguards are adequate for levels of assurance -- I guess we might talk first about fuel cycle.

Ed seemed rather jealous of the reactor.

MR. CASE: No.

MR. DIRCKS: The fuel cycle, we basically take the threat level, get the licensees to provide us with a safeguards plan, carry out the comprehensive evaluations and see if the plan will actually defend against the threat level, lock the plan into shape, and then I&E picks it up and does a regular inspection against that agreed upon item.

Ed?

MR. CASE: The only distinction I'd make here *Sam* is that we have a detailed regulation 7355 which specifies in some detail the kind of requirements licensees must have in addition to the threat level that you measure against the threat level.

So ours is more following regulation and then evaluating the plan against the regulation to determine that they satisfy the threat level.

Your upgrade rule will provide your detailed rules that now you don't have yet.

gsh 2
SAM

MR. DIRCKS: The upgrade rule additional^{ly} has some other requirements.

MR. BURNETT: After the upgrade rule, the only remaining difference, Bill, will be to perform vulnerability assessments where reactors does not.

COMMISSIONER AHEARNE: Do we do any kind of evaluation of the adequacy by means of attempting to defeat the security plans?

MR. DIRCKS: That's in the comprehensive evaluation. That's precisely what we do. We have four means of testing. We have a physical security team. We have the external assault team, material control and accounting, diversion --

COMMISSIONER AHEARNE: External assault team? Does that mean you actually attempt to assault the plant?

MR. DIRCKS: No. What they do is try to -- we don't storm the fences, but they do attempt to analyze the facility from the outside.

MR. BURNETT: Covertly also.

MR. DIRCKS: If they determine an adversary wanted to get in there, how would he get in? This is the area where we do employ all these -- (inaudible).

MR. CASE: Normally, we do not do that. We review their plans by visiting the site, approve their plans, and then rely on I&E's inspection, usual inspection

sh 3 like safety inspection.

Whether the plan is being implemented properly by the licensee and to report any deficiencies in the plan back to licensing -- we then modify the plan if there's something that we really didn't realize when we originally approved it.

COMMISSIONER AHEARNE: Bill, when you were talking about the four elements of the adequacy estimate, is that I&E?

MR. DIRCKS: That's a combination of NMSS and I&E, and using the outside services of the Army.

MR. BURNETT: And a representative of the region.

CHAIRMAN HENDRIE: Onward.

MR. DIRCKS: I guess the levels of assurance is one that you may want to take a look at. That's one where we have had some debate on that issue.

The way we look at it is -- and I guess, let me put this in my own words. The way we look at it, if the evaluation that we do manages to ring a perfect score, that is a facility that makes high assurance. If the team discovers areas where there are some improvements needed but none of which would result in our rating that thing *as* needing immediate remedial action, *then* ~~that~~ we'd give the plant either a good or adequate rating and lay ~~on~~ a system of upgrades on it.

gsh 4

COMMISSIONER AHEARNE: Adequate or fair?

MR. BURNETT: Good, fair, or inadequate, which is poor.

MR. DIRCKS: We call it fair. I think what we're talking about in taking another look at that, we're talking about high and conditional, inadequate. Conditional means you put the thing on probation.

COMMISSIONER AHEARNE: But at the moment you have four categories: High, good, fair, and inadequate.

MR. DIRCKS: Right.

MR. CASE: Reactors, we don't have any categories.

MR. DIRCKS: You might mention that last --

MR. CASE: I would strike -- they tell me that's a quote from the annual report.

MR. BURNETT: That's a quote from the commission paper that forwarded up the annual report.

MR. CASE: It is not in the annual report?

MR. BURNETT: That's correct. It's not in the annual report as such. It is in the commission paper.

COMMISSIONER AHEARNE: You don't use the term --

MR. CASE: We don't use labels.

COMMISSIONER AHEARNE: It's either adequate or inadequate. Is that right?

MR. CASE: You may need some corrective action. You require them to do something within some specified

gsh 5

period of time to allow them to continue operation. But we don't put a label on it that it's conditional.

MR. DIRCKS: But if it's less than high, it doesn't necessarily mean it's inadequate, I guess.

MR. CASE: That's right. The regulations require high. What this means is that it would be less than the regulation and still let the facility operate.

COMMISSIONER AHEARNE: Have either of you ever closed a facility because of inadequate evaluation?

MR. BURNETT: We have required extra precautions. I don't think it could be said that we have closed.

MR. CASE: We haven't.

MR. DIRCKS: We've never closed it because the statement is in the 11 evaluations we've done, we have never found a plan --

MR. SHAPAR: Have some voluntarily gone out of business because they couldn't meet our standards?

MR. BURNETT: Some might say yes to that.

MR. SHAPAR: Kerr-McLee?

MR. BURNETT: Apollo. I cannot validate that.

MR. CASE: Shutting down a facility is not, in either case, adequate solution to the problem.

MR. AHEARNE: I understand that.

MR. DIRCKS: I think you might find interesting -- I'll get this out -- we have what we call licensing action by

gsh 6

facility. I think as a result of the reviews comprehensive evaluations on the fuel cycle facilities, We have laid on these extra requirements that result in -- (inaudible).

Sam
MR. BURNETT: Now in the area of ^MXC&A having to do with IDs, we have requested that facilities shut down voluntarily to perform reviews or inventories. But we did not put out an order to close them down. We did strongly suggest it and they volunteered it.

COMMISSIONER AHEARNE: That was an inventory difference question.

MR. BURNETT: Yes, sir. It was not a physical security question. There is one case, however, in the case of Erwin about two years ago where a deficiency was found on the guard force, which demanded immediate attention. And the team left Washington and made a review and it was very clear that if we didn't get -- we, the NRC -- did not get corrective actions, we were going to take strong measures.

And I&E led that team down there.

MR. DAVIS: I believe some years before that there was an order to Erwin -- (inaudible).

MR. BURNETT: But that's the closest I know of, Mr. Commissioner, for physical security problems.

MR. DIRCKS: Question 3 I think I basically covered in our little exchange here about how we determine

sh 7 safeguards adequacy; we go through the business of establishing a plan, doing evaluations against the plan.

MR. SHAPAR: This might generate another question that invariably comes up in hearings like this, and that is how does our level of safeguards compare with that of DOE and/or DOD.

That question always comes up. What's the answer now?

MR. DIRCKS: The answer now, in the absence of the upgrade rule, physical security, they're better than we are. Material control and accounting, we're better than they are.

MR. SHAPAR: That's unchanged, then, for at least two or three years.

MR. DIRCKS: And it won't change until we get the upgrade rule passed.

MR. CASE: If somebody asks me the reactor, reactor sabotage, I would have to say I don't know.

MR. DIRCKS: We've got no equivalent.

MR. CASE: I don't know in that area.

COMMISSIONER AHEARNE: They have reactors.

MR. CASE: I know they have reactors.

(Discussion between Commissioner Ahearne and Mr. Dircks inaudible.)

MR. CASE: But I think the answer is every case

sh 8

where they have a reactor -- I think now they also have special nuclear material. And that's the thing that drives the protection rather than reactor sabotage.

Sam
Sam

MR. DIRCKS: Question 4, the statement of commission's level of confidence of bomb-size quantities of nuclear explosion materials, have not been diverted ^{from} ~~to~~ facilities regulated by the NRC or its predecessor organizations at ^{AEC} ~~NRC~~.

Sam

Now the answer to that question can basically be taken out of the commission -- out of the paper we sent down ~~to~~ the commission, ⁷⁹³⁴⁵ ₄, and that's still before you and still subject to your individual conclusions on that point.

This is essentially what the staff put together.

COMMISSIONER AHEARNE: Of course, what you have written here is a considerable compression of what's in that.

MR. DIRCKS: Yes.

COMMISSIONER AHEARNE: So I wouldn't want to conclude, if I say that looks fine, I'm saying fine to the paper.

MR. DIRCKS: No, no. But that's where we're coming in.

Question 5, the lessons learned about the Rumanian shipment. I think we have listed some of the lessons there. John, this is the lessons learned, Question 5, the lessons learned from the Rumanian shipment. You may want to expound on that one a bit more.

MR. HOWARD: We made several recommendations on the paper that is before the Commission, and among the recommendations on lessons learned, what we intended to do is development of a seal procedure, a sealed inventory technique, which has been completed; that we would also issue specific procedures for unusual events, where it was possible in the general procedure, and we tried to develop local procedures where it couldn't be included in that general procedure. This has been done.

Sam

We've had a number of meetings with the staff, the safeguards staff, to bring to their attention the importance of these unusual type of circumstances that occurred and the

responsibility for assuring that they contact the staff duty officer out at headquarters or in the region if they run into a situation that could cause undue attention or problems.

CHAIRMAN HENDRIE: Tell me again, those efforts to develop a better way of putting the seals on and protecting them, did that work out?

MR. HOWARD: No, sir, that hasn't fully worked out. The seals we ordered are somewhat larger than the original type seal. We do have a requirement that they use a collar and sleeve on the wires, as they put them together, and then squeeze them together quite tightly. But as far as protecting the seal itself, no, sir, we haven't anything on that.

COMMISSIONER GILINSKY: Didn't they route the shipments up through Canada, or do they still go through New York?

MR. DIRCKS: The subsequent shipments went through Canada.

COMMISSIONER GILINSKY: So what you learned is not to have another check. Are they checked in Canada?

MR. BURNETT: No, sir, they're not checked again until they arrive --

MR MC CORMICK: They're checked in Rumania, and there were no problems with any other. All eight other shipments went without any problem.

COMMISSIONER GILINSKY: We couldn't ship them through New York?

MR. MC CORNICK: The health commission in New York decided they were going to fine General Atomic for moving it through New York.

MR. BURNETT: In fact, they did fine them. \$250.00.

COMMISSIONER AHEARNE: Do you have a better list of all the actions that have been taken than what you just described?

MR. HOWARD: Yes, sir. I can provide you one. I don't have one with me.

COMMISSIONER AHEARNE: Isn't there some bulletin or something that we've got?

MR. HOWARD: Our intention was -- (Inaudible).

We can provide you with a complete rundown.

COMMISSIONER AHEARNE: Fine.

MR. ONG: Could I suggest something, a question? Just the last sentence is that -- do you think it might be better to say "have been adequate in protecting against," rather than "effective in preventing"? It almost sounds like it couldn't happen, and the overall system doesn't prevent in any way. It protects more physical security, some controls --

MR. DIRCKS: What did you say, Cookie?

MR. ONG: Have been adequate in protecting casks. We have been struggling with that sentence.

MR. BURNETT: What do you see as the difference between those two words?

MR. ONG: Most of the paper goes in, and we don't know what happened or not. "Preventing" almost sounds like, gee, you kept it from happening.

MR. DIRCKS: But wait. "Adequate and effective," it really doesn't -- I don't get the shade of meaning.

MR. ONG: Not so much that one, but the next word, "preventing," made "protecting." The three elements of safeguards and --

MR. BURNETT: We're not talking about accounting here; we're talking about a combination.

MR. ONG: That's what I mean.

MR. DIRCKS: I'm not wedded to those words. I don't care.

MR. ONG: Just consider it.

MR. DIRCKS: It's down here, anyway, if you want to say it either way.

COMMISSIONER AHEARNE: As far as the shipments from Rumania, all of them went up to Canada. Have they been completed now?

Sam

MR. MC CORMICK: There were nine altogether. The first ones ^{was} ~~were~~ the ones that had problems. The other eight went through Canada. You see, the health department fined General Atomic.

COMMISSIONER AHEARNE: And all of those, what we essentially did was --

MR. MC CORMICK: Check them with General Atomic, check them when they got to the airport in Los Angeles, check them the same as we did in Kennedy. Once they got off in Los Angeles, they were out of our control. They went to Canada, to Switzerland, and from Switzerland on.

MR. BURNETT: It was Rotterdam.

MR. MC CORMICK: Some went to Switzerland, some went to Rotterdam. But they all arrived safely.

MR. DIRCKS: Item 6.

COMMISSIONER AHEARNE: On the question on Surry, it says "Involved nuclear only, therefore no threat." Is there any possibility they could have damaged the fuel in such a way that it would not have been noticed until it was being put into the reactor and run up, which then could have caused damage?

MR. PASEDAG:

MR. CASE: I think it's true that the investigations, both by the FBI and I&E, are still going on. So these are more tentative or preliminary lessons learned rather than final.

MR. PASEDAG: Yes.

MR. CASE: And one of the lessons learned is we have to be quite a bit more specific in our requirements, at least

our review guidelines.

COMMISSIONER GILINSKY: It may be that we just have to be tougher.

MR. CASE: We haven't decided what the penalty should be in this case. So maybe that is one answer.

COMMISSIONER GILINSKY: Maybe it does not make sense for us to write a Napoleonic Code for legal action. But will that stop the management? I think we've got to deal with that.

MR. SHAPAR: Is it clear it's a violation at all?

MR. CASE: It's not a violation. They were authorized by the station manager. He had signed his name to the list of the 600 and some people.

COMMISSIONER AHEARNE: But in some way it does indicate also, I guess, a lack of how we're being able to convince the management they ought to be more serious about that.

COMMISSIONER GILINSKY: We just can't let people through all these activities.

MR. CASE: As I say, I&E hasn't concluded their investigation, nor, as I say, have they decided what penalty, if any, should be taken.

COMMISSIONER GILINSKY: It may not be a penalty; it may be a severe letter.

COMMISSIONER AHEARNE: To whom would the severe letter go?

MR. CASE: But this may well come out, and I think it probably will be said just this way.

COMMISSIONER AHEARNE: Well, then, I think the follow-on question would then be: What is the -- has the NRC's attitude been toward these plans? How hard a review have we given them of their plans? How hard have we reviewed or how tightly have we reviewed how they do implement them?

MR. CASE: We've just been required to meet these requirements in the last six months. We're now looking at how they are dealing with I&E, and this is something we're finding out. In this particular area, they're not doing that well. We're going to do something about it. We've got the survey going to find out how bad the situation is. We're going to tighten up the words, at least.

COMMISSIONER GILINSKY: We never found the person --

MR. PASEDAG: The FBI has not finished their investigation. So far they have no suspects.

I might point out, the plan was in effect for a little over a month when this incident occurred.

COMMISSIONER AHEARNE: The controlled access plan?

MR. PASEDAG: Yes. It was the new security plan, with a much higher level of security than what existed before; had just been implemented.

COMMISSIONER AHEARNE: But that, in a way, that's even more disturbing, because if it had just been implemented

to have controlled access, that's the time that you would at least have thought that they would have been most concerned about having the control.

MR. PASEDAG: It seems to not work that well with some of our licensees. We have to beat on them for a while before they get the message.

MR. COMBS: The Subcommittee intends to hold hearings on Thursday on the subject of reactor safeguards, requested Mr. Denton, Mr. Stello and Dr. Mattson attend these hearings.

MR. CASE: I read that to be TMI-type sabotage, by the cast of characters they suggested. But I may be wrong. They suggested Denton, Stello and Mattson.

MR. COMBS: They normally move onto a variety of subjects -- (Inaudible).

MR. DIRCKS:

COMMISSIONER AHEARNE:

MR. DIRCKS:

COMMISSIONER AHEARNE:

MR. DIRCKS:

COMMISSIONER AHEARNE:

MR. DIRCKS:

MR. BURNETT:

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CHAIRMAN HENDRIE:

MR. DIRCKS:

CHAIRMAN HENDRIE:

MR. BURNETT:

MR. DIRCKS:

MR. BURNETT:

COMMISSIONER GILINSKY:

MR. BURNETT:

CHAIRMAN HENDRIE:

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MR. BURNETT:

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MR. DIRCKS:

MR. BURNETT:

COMMISSIONER GILINSKY:

MR. DIRCKS:

COMMISSIONER GILINSKY:

MR. BURNETT:

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MR. PASEDAG:

MR. BURNETT:

MR. PASEDAG:

MR. BURNETT:

MR. PASEDAG:

MR. BURNETT:

MR. DIRCKS:

MR. BURNETT:

COMMISSIONER AHEARNE:

MR. BURNETT:

COMMISSIONER AHEARNE:

psh 4

MR. DIRCKS: Then they have material control and accounting.

COMMISSIONER AHEARNE: (Inaudible).

MR. DIRCKS: Question 7 is the usual question we get on the derived benefits from the safeguards research program. I guess I have been asked that question twice in hearings and the answer is we're getting some benefits out of it. And the primary ^{thing} we're looking at ~~it~~, is the material control and accounting research areas and we think it's essential and it's providing some very valuable input into the material control and accounting upgrade rule.

Sam

We have listed other projects down there. We've ^{got the} communicated threat capability project.

Sam

COMMISSIONER AHEARNE: Walt, is Sandia under research?

MR. PASEDAG: Yes, sir -- (Inaudible.)

COMMISSIONER AHEARNE: Which one was that under?

MR. CASE: The question asked in terms of what have you already used --

MR. DIRCKS: Derived benefits from.

MR. BURNETT: Past tense -- derived.

MR. CASE: The one that Walt has is more future potential.

COMMISSIONER AHEARNE: You mean safeguards networks analysis program is past.

psh 5

MR. BURNETT: No, we're just starting to use it. I think what Walt is trying to say is they have high hopes for something, but they haven't used it yet, as opposed to the ones that were listed here by research. Neither Walt --

COMMISSIONER AHEARNE: These are all completed?

MR. BURNETT: This was created by research. They are getting some use out of it.

COMMISSIONER AHEARNE: But these are completed tasks?

MR. DIRCKS: Some of them are not.

COMMISSIONER AHEARNE: If they're not completed tasks, I don't understand --

MR. BURNETT: In some cases, some have produced a product already, even though the task is not --

COMMISSIONER AHEARNE: Fine. All I'm pointing out is the character of this answer -- some of them are future reference. And I thought that NRR had related that as a future-oriented program in Sandia.

MR. CASE: The question is the extent to which NRC has ^{de}arrived.

COMMISSIONER AHEARNE: I know the question. I'm talking about the answers.

MR. CASE: But I think what they're saying in the answer, even though some of these things are still going on,

gsh 6

they have already derived some benefits.

MR. BURNETT: But I think there's something else that should be said. If you look at Item 6, which is spent fuel vulnerability program, this is an advanced one. So it may be correct that you might want to put yours in.

COMMISSIONER AHEARNE: Could I ask the question in a different way? Can we answer just the question that was asked -- as of right now which of these programs ^{has} and a product which is now being used.

MR. BURNETT: All right. No. 3 is definitely being used. Number 1 is not really being used yet. Number 2 is not really being used yet. Number 4 is a study that is still going on. Number 5, I have made partial use of. And number 6 has not been used.

So if we boil it down to that --

COMMISSIONER AHEARNE In other words, if we answer the question that we asked --

MR. BURNETT: You get 3 and 5. Research might not agree with those, you know, just quick looks that I made.

MR. DIRCKS: This was research's answer.

MR. BURNETT: Because I can only talk about the ones that I have used.

COMMISSIONER AHEARNE: The study that was done, the Sandia studies that were done, the report '75, '77 was

that research?

MR. PASEDAG: I believe it was.

COMMISSIONER AHEARNE: It was research in the sense of research. Now didn't that lead to a number of changes in upgrading?

MR. PASEDAG: It provided many of the bases, the data base for '73-75.

COMMISSIONER AHEARNE: I would think that that would be a very major part of the answer.

MR. PASEDAG: I think that that should be in there.

CHAIRMAN HENDRIE: What's this?

MR. PASEDAG: The sabotage vulnerability study for reactor that Sandia did starting in '75. And there were a couple of follow-on reports through '77.

COMMISSIONER AHEARNE: Which were incorporated in that '75, very definitely.

MR. CASE: Those were clearly talking to the licensees as potential.

COMMISSIONER AHEARNE: And they're in our regulation.

MR. CASE: There are a couple more. We believe they have done some research on explosions on -- (Inaudible.) -- reactors that might be helpful to us in deciding what to do in sabotage detection matters.

They are also in explosion on power reactors, they pointed out in locations that we have used, specifying

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vital areas. Is that right, Walter?

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MR. PASEDAG: Yes.

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MR. CASE: The problem with a dollar value, though, we can't compare with the dollar value previously expended and being expended on research, and that's the point I think to be made.

COMMISSIONER AHEARNE: It's hard to tell.

MR. DIRCKS: We've covered the questions the committee raised. There might be another question, for example our favorite plant, Erwin, Tennessee, what's going on down there. And we prepared a brief history of what's going on down there, one page. We can send that out and just give the history of events from 1976 on to today, about the various MUFFs they've had, and the various actions we've taken to try to cope with their problems.

Sam

MR. SHAPAR: Another question I suppose: Are they now providing high protection, or adequate protection in action?

MR. BURNETT: They are , presently, by the last ^{reevaluation} ~~reading~~ value, reinspection.

Sam

COMMISSIONER AHEARNE: Didn't a notice come out recently on Erwin?

MR. BURNETT: Yes, I think I&E just sent one about three weeks ago on the results of the reinspection of Erwin, which stated that it was , but there was yet one remaining thing to be done.

COMMISSIONER AHEARNE: Vic, wasn't there a

recent one?

Sam COMMISSIONER GILINSKY: They just exceeded their MUFF limits.

Sam COMMISSIONER AHEARNE: Today they have just exceeded their MUFF limits.

MR. BURNETT: The last two consecutive reporting periods, they have gone over.

COMMISSIONER AHEARNE: This is now the third.

MR. BURNETT: Yes, sir.

MR. HOWARD: (Inaudible.)

COMMISSIONER AHEARNE: How do you answer the question? You could say that they have -- they were still rated , but yet they are continuing to go over?

Sam
Sam MR. BURNETT: There are more aspects than just material control and accounting. The physical security down there, its integrity is not in question. So, yes, the MUFF has just recently gone over again, and we've had a history of continuing MUFF problem at that facility.

COMMISSIONER AHEARNE: Are we any closer to reaching a resolution as to why there has been a --

MR. BURNETT: No, sir. We have had teams on board. We have had commissioned studies. They have commissioned studies, which are required by license

Sam ^{condition} commission. If you look at this presentation, you will see back in '76 they were having a two to three kilogram

Sam MUFF per reporting period that always ^{was a loss.} ~~lost~~. That concern *ed*
us ~~does~~ a great deal. So we stimulated their efforts to
Sam come up with a new system. They did so in August of '77.
 They instituted another system.

Sam This newer system changed me from a continual
 negative MUFF --

MR. DIRCKS: Changed "Erwin," not "you."

MR. BURNETT: I'm sorry, changed from plus to
 minus on alternating cycles, and they pursued that mode --

COMMISSIONER AHEARNE: In other words, they had
 balanced books.

MR. BURNETT: -- for about six or seven reporting
 periods, and we exhibited a great deal of dislike on that
 method. And so we have recently forced them to go into a
~~new~~ method, a third approach which has kind of effectively
 put us back to square one, if you look at the data.

COMMISSIONER GILINSKY: Are we taking it easy
 on them because they're supplying material --

MR. BURNETT: No, sir. We're not taking it
 easy at all. I&E has extensive manpower down there looking.

Sam I have studied the heck out of them. The recent ~~is~~ action
 is really a tightening of the procedures. If they exceed
 a certain number, they have to close down and to look for
 that stuff, and they cannot start again until they have
 authority from NRC. That is much more than ~~another~~ other

Sam

Sam facility ~~has~~ ^{we have}. We have tightened it up.

Sam COMMISSIONER GILINSKY: What is this "exceeding the LEMUFF"?

Sam MR. BURNETT: The current regulations at other facilities, they can exceed LEMUFF, but they have to do a certain check. They have to make studies on why, and provide that data to us. That is true at all facilities. It's not just unique to this facility.

In addition, on this facility we have actually got what might be referred to -- in fact it is, a close-down criteria on that facility. We do not have such a requirement in any other facility.

COMMISSIONER AHEARNE: But we also have a more relaxed reinventory.

MR. BURNETT: No, sir. There is nothing more relaxed at that facility. The inspectors can contradict me at any moment, but there is nothing less at that facility. We are holding their nose to the grindwheel, so to speak.

COMMISSIONER AHEARNE: This third excess, how much was it?

MR. HOWARD:

COMMISSIONER AHEARNE: So it's less than the amount requiring reinventory?

MR. HOWARD: Yes.

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Sam

Now the region has started to set up a task force. There is some new systems that they have been discussing on the treatment of liquid ^eaffluents, and there seems to be some question in the region's mind as to whether they have actually taken a good inventory or not. And they are now moving in a ~~mode~~ to get down there ~~to get down there~~ to require them to get the systems operations -- (inaudible).

Sam

COMMISSIONER AHEARNE: Now under this whole history you have going back to '76, has there been any question in any of the NMSS or I&E people's minds that there might have been material being diverted?

MR. HOWARD: I've never heard that expressed.

Sam

MR. BURNETT: As the Commissioner knows, there was a large MUFF~~X~~ back in the late '60s which was never explained, and then later there was a failure in a physical security ^{pre}caution with a two-man rule down at that facility which was dealt with quickly.

Sam

COMMISSIONER GILINSKY: There was also a time in, I think late '75, when we got concerned about what was going on there. In fact, we sent a planeload of people down.

MR. BURNETT: That was the one --

MR. MC CORMICK: '76. I remember it well, because I was on the airplane.

COMMISSIONER GILINSKY: Early '76?

MR. MC CORMICK: Yes. January '76.

COMMISSIONER GILINSKY: Okay. And that had a great deal to do with the upgrading of safeguards -- you know, upgrading existing facilities. Before that, the focus was very much on getting ready for some vast new plutonium industry, and all of a sudden people realized that things were pretty bad in existing facilities. And just at that time, our Safeguards people started going around reviewing the various facilities. But I don't know whether a decision to do that came before or after, but in any case, that incident --

COMMISSIONER AHEMPNE: Was a real trigger.

COMMISSIONER GILINSKY: -- had a lot to do in getting everybody's attention. Because we realized that the material accounting system down there was completely deficient -- claiming that a great deal of material was going into the river, that in fact was going in, and this was the reason why --

Sam
MR. MC CORMICK: And why they had the ~~MUEP~~ level.

COMMISSIONER GILINSKY: And which was the reason why the books showed them accumulating material. And the amount that was actually unaccounted for in a sense is just unclear. One doesn't know how much in

fact did go into the river.

We made some estimates after that, but it was clear, you know, the bookkeeping before that was practically worthless. And there were some suggestions at that time that there may be some -- there may have been some improper keeping of the books, but none of this seems to have been borne out by the examination.

COMMISSIONER AHEARNE: So as far as all of the inspection reviews have concluded, it's either a problem with the process itself, or sloppy management?

MR. HOWARD: I don't think I have ever heard it expressed as "sloppy management."

COMMISSIONER AHEARNE: Well, that's what I thought --

COMMISSIONER GILINSKY: Well --

MR. HOWARD: You mean recent?

COMMISSIONER AHEARNE: No, I mean in prior -- I mean, if you don't keep the books, that's -- you know.

MR. DAVIS: Well, I think the bookkeeping problem, as I recall it, is that they were using a "less than" value in a waste stream. And as the state of the art of instrumentation progressed, they did not increase their sensitivity in the waste stream, as I recall it.

COMMISSIONER GILINSKY: There were some limits set by EPA or someone that they could dump into

into their pool -- in this case, I suppose, into the river, if the waste stream contained less than one part per something -- one part per million per some amount of water, and then they had a little test. If it showed "less than," they would dump it.

Now it may have been -- and what they put on their books is not limiting value.

COMMISSIONER AHEARNE: So it could have been a lot less.

COMMISSIONER GILINSKY: It could have been anywhere between zero and that number. And the amount -- the uncertainty there was over 100 kilograms a year. That is to say, between zero and that number, and obviously the likely uncertainty is considerably less than that.

and #5

(Continued on Page 51)

MR. DIRCKS: There's no assurance they were meeting EPA standards.

MR. BURNETT: But I would like to end it on a strong note, that the staff has spent a lot of time on this facility. Mr. Dircks has exhibited a strong interest in it since his arrival. I have always been interested in it. And I will go one step further. With the system that they have down there, I don't know that we will ever get these numbers down from the MC&A side to what you and I would like.

COMMISSIONER AHEARNE: By "the system," you mean the chemical system?

MR. BURNETT: Yes, sir, the nature of the beast down there.

So we have to rely on a strong physical security program.

COMMISSIONER AHEARNE: How about Wood River?

MR. BURNETT: I think they can operate within the precautions, ^{they} and have.

COMMISSIONER AHEARNE: Well, in related areas of physical security, et cetera, there were problems with guard forces.

MR. DIRCKS: Then there was this problem between Montville and ^{Wood River Junction.} ~~-- (Inaudible)~~

COMMISSIONER AHEARNE: Where do you stand on that?

MR. BURNETT: We've got them back up where they're

supposed to be. The trouble is, where there's any evaluation with any inspection, we get it that way and we walk off-site, and unless management keeps a high attention to it it could slip. And that's what happened.

The comprehensive evaluation reviewed it. We found problems. We bootstrapped them up to a level. Then later it was determined -- I don't remember the exact month, but some months later they fell back down.

Inspection went back on the scene --

COMMISSIONER AHEARNE: Any penalty on them for falling back down?

MR. BURNETT: You can answer.

MR. HOWARD: Wood River right now -- (Inaudible).

MR. BURNETT: You might add, it's been in process for --

MR. HOWARD: Three Mile Island's kind of gotten in the way of the process.

MR. BURNETT: As of the last reinspection, we have gotten them back up. Mr. Dircks instructed that I write a letter to them emphasizing the importance of good management. We did that.

MR. DIRCKS: I think, on that point, we do these comprehensive evaluations. In effect, we're almost going out like, putting it kindly, like a management consultant team. We look at their procedures and they're pretty good. But the

management just does not seem to pay enough attention to these things.

COMMISSIONER AHEARNE: It's not clear that we have much pressure on them.

MR. DIRCKS: No.

COMMISSIONER GILINSKY: You're talking about Erwin?

MR. BUENETT: No, Wood River.

Sum

By the way, the ~~MUFF~~ numbers associated with Erwin are classified still. By law, we do not classify them except on a six-month basis. The ones that we just put out would require this transcript in those areas to be classified, and the discussions that followed.

MR. SHAPAR: You mean a National Security Council memorandum.

MR. BUENETT: Yes, sir.

MR. DIRCKS: What's the classification?

MR. BUENETT: Confidential.

I have got to live by the rules.

MR. DIRCKS: You better mark it if we're living by the rules.

CHAIRMAN HENDRIE: Okay. No discussion?

(No response.)

(Whereupon, at 4:35 p.m., the hearing was adjourned.)