



OFFICE OF THE
SECRETARY

UNITED STATES
NUCLEAR REGULATORY COMMISSION
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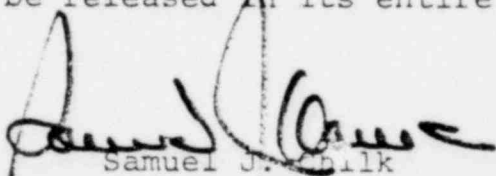
May 9, 1980

COMMISSION DETERMINATION REGARDING PUBLIC DISCLOSURE
UNDER THE GOVERNMENT IN THE SUNSHINE ACT OF:

Transcript of Discussion of Preliminary
Budget Markup/Recall
July 31, 1978

The Commission previously determined that the subject transcript should be withheld from public disclosure until the Commission's FY-80 Appropriation became law.

Following enactment into law of the Commission's FY-80 Appropriation, the Secretary of the Commission, upon the advice of the General Counsel, determined that the subject transcript should be released in its entirety.


Samuel J. Milk
Secretary of the Commission

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ORIGINAL

NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF:

BUDGET MARKUP/RECLAMA

(FY 80 Budget)

Place - Washington, D. C.

Date - Monday, 31 July 1978

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NUCLEAR REGULATORY COMMISSION

BUDGET MARKUP/RECLAMA

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Chairman's Conference Room
Nuclear Regulatory Commission
1717 H Street, N. W.
Washington, D. C.
Monday, July 31, 1978

The meeting convened at 10:05 a.m., Chairman
Hendrie presiding.

COMMISSION MEMBERS PRESENT:

- Chairman Hendrie
- Mr. Kennedy
- Mr. Bradford
- Mr. Ahearne

C O N T E N T S

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Agenda Item:

Page

Summation from Friday

3

NRR

4

P R O C E E D I N G S

1
2 CHAIRMAN HENDRIE: Well, we had gotten a good distance
3 through the markup. Lee, would you summarize where I am?

4 MR. GOSSICK: Yes. We actually finished all the
5 initial marks going through all the offices. And this recap
6 sheet that has been cranked out over the weekend gives you,
7 the first page, the summary situation.

8 We stand right now with a budget of \$395 million
9 and a half, roughly, which is \$65 million over the '79
10 President's budget or \$32 million over the OMB mark or their
11 guidance letter.

12 And I might just mention that of that increase,
13 what is it, \$17 million is on loft alone. There is about,
14 how much for inflation, \$9 million.

15 MR. BARRY: \$13 million.

16 MR. GOSSICK: And so it is not as big as it might
17 appear to be.

18 On people, you came out with 3,028 as a result of the
19 mark that you all made which leaves us 240 over fiscal year
20 '79 strength, but the OMB actually marked us at 58 people
21 less than our '79 ceiling which would bring our strength to
22 2730. So we are 298 people over the OMB mark.

23 That in rough terms represents where we are at the
24 moment.

25 CHAIRMAN HENDRIE: Let's see, we also had not worked

1 our way through all of the offices.

2 MR. GOSSICK: Yes, we covered everything.

3 CHAIRMAN HENDRIE: Did we get all the way through
4 this?

5 MR. GOSSICK: Yes, NRR was the last one.

6 CHAIRMAN HENDRIE: We must have been working fast
7 here.

8 MR. GOSSICK: I&E, and Standards, we did Friday
9 morning. You remember, there wasn't much damage to be done
10 there.

11 CHAIRMAN HENDRIE: Let's see, we had just started
12 NRR when you left and --

13 MR. BRADFORD: Yes, and I thought I was going to
14 wrap up that uranium letter. And it turned out . . . made
15 more drafting changes before he got off the phone.

16 CHAIRMAN HENDRIE: So we ought to go back and look
17 at that. In other words, differences there, perhaps. And I
18 am trying to remember. Was NRR the last office before Peter
19 left or didn't we also process --

20 MR. BRADFORD: We had done everything before I left
21 except NRR.

22 CHAIRMAN HENDRIE: The Standards and I&E budgets
23 were pretty straightforward.

24 Okay, why don't we drag out NRR. We have 2 chores
25 that I would like to do this morning. One of them is to look

1 at NRR all together here and come to some agreement.

2 Then, I would like the people with the machines to
3 add and subtract and recalculate dollar and people both.
4 And then I think we ought to sit here for a moment or two and
5 contemplate the gross numbers and see, having dealt with the
6 individual parts, whether we are now happy with the sum of
7 the parts.

8 If not, to see how we might go about squeezing or
9 increasing, depending on your inclination.

10 MR. GOSSICK: To actually run the totals, Mr. Chair-
11 man.

12 CHAIRMAN HENDRIE: Yes. I have the sheets here
13 with the totals for the moment. So looking at the NRR markup
14 sheet, I might say, John, that this is the place where the bulk
15 of the manpower increase in the request occurs.

16 Let's see, the delta on people at the moment is
17 something like 240.

18 MR. GOSSICK: Right.

19 CHAIRMAN HENDRIE: And 100, something like 160 of
20 those, approximately, are in NRR. So it is a very large
21 change. NRR last year was a very modest difference. We have
22 since been looking harder, and the managers in that office
23 have been trying to figure out why it seems to be so hard to
24 get any licenses done. And there are various difficulties.

25 I guess the principal one is that the number of

1 work elements in this shop is as high as ever. We aren't
2 getting any construction permits, but there is still somewhere
3 between 15 and 20 construction permits actually working out
4 there and will be working through this period before they are
5 gotten out.

6 Operating license applications are coming in.
7 Those are more difficult and longer review generally because
8 you have final safety analysis to deal with.

9 The operating plants are generating a substantially
10 growing burden of licensing amendments and nits and nats and
11 malfunctions that need to be studied and dealt with.

12 And at least on the licensing side, what they have
13 found is that for, I guess, authority reasons, the manpower
14 going in on the average to each work element has increased
15 over the last 4 years so that even with the same number of
16 work elements, you seem to have a larger total manpower
17 requirement.

18 And then, of course, as I say, the operating plants
19 keep rolling up amendments. And as you get more operating
20 plants, why --

21 Anyway, we have been looking fairly carefully at
22 those difficulties, trying to understand them. I have con-
23 cluded for myself, and I am prepared to support in the
24 appropriation, to support a fairly husky chunk of people for
25 the budget in contrast to last year when I wish I had listened

1 a little more carefully . . .

2 Against the requests that the office has made, the
3 budget review group has scrubbed them, and EDO has looked
4 at the BRG results and the office complaints about the BRG
5 conclusions. He has recommended levels which are right
6 down the line, the same as the BRG.

7 The Commission adopted what I will call a first
8 preliminary mark last Friday afternoon which would reduce
9 their office request, talking now in terms of people, by
10 11 in that first category, 216 to 205.

11 We leave the systematic evaluation program, the
12 next category, alone; cut 2 people out of Safe Guards, dropping
13 from 18 to 16; cut 5 out of Case Work, 269 down to 264; 10
14 out of Technical Projects, dropping that total to 183; 2 out
15 of Advanced Reactors, leaving them at 14; 1 out of Training
16 and Correspondence, dropping to 30, which is a total
17 reduction, I calculate, of 31 over the EDO mark and would
18 leave the office total in fiscal '80 as 774.

19 The dollars were left practically alone, except for
20 rounding.

21 Let's see, under Safeguards, we rounded the \$930
22 up to \$1 million, and Technical Projects up to \$6.6 million.
23 So it was only a 220 K dollar change in the dollar totals.
24 So they are trivial.

25 Now, Peter had to go off and do other things. I

1 left him a copy of my top sheet. I understand he was thinking
2 in terms of an office, people, total somewhat lower than 774
3 and now with all of that preamble, Peter, why don't you crack
4 on.

5 MR. BRADFORD: My difficulty is this: I have no
6 difficulty with the 774 if we in fact can cell it to OMB.
7 But it seems to me that if they are at all serious about the
8 dealings they held out to us, we will need to have some idea --
9 first of all, this is the area in which far and away the largest
10 increase lies. And we need to have some idea of what the
11 play is here or if we are going to insist on these numbers
12 what would be given up somewhere else.

13 I guess really what it calls for is taking a peak
14 ahead, we had step 3 of this morning which is the total in
15 terms of what we have done and then also having some idea of
16 what in fact we will do when OMB . . .

17 MR. GOSSICK: Mr. Chairman, I might ask Len to just
18 tell you a little bit about the kind of conversations he has
19 had over there perhaps to better feel the attitude on this
20 mark they gave us. It really wasn't anything that they
21 deliberated on at great length as I understand. The logic
22 behind it was more or less of a --

23 MR. BARRY: Normally, the Examiners make a recom-
24 mendation to Elliott Cutter just like they do in the budget.
25 And they went about that exercise, and they submitted it to

1 what they call a BRD, that's a budget review division. That's
2 a bunch of guys who sit off at the side and review all of the
3 OMB Examiners' budgets, kind of a superpotentate review com-
4 mittee.

5 And on the first go around, the message came back
6 kind of you were given a little too much cut. And while they
7 were working on that exercise to cut it some, BRD just made an
8 arbitrary mark. The dollar mark, we have no idea where it
9 came from. They probably got lost in inflation, put those
10 2 together. If you add those two together, you come out with
11 about a \$30 million increase.

12 You will notice our increase in our mark is \$32
13 million. And I'm sure that's about how they devised it.
14 \$17 million for loft and somewhere in the neighborhood of
15 \$13 million for inflation, inflated our program support out
16 smewhere in the same as we did, and that's how they came out.

17 On the people, they simply took the President's
18 desire to reduce federal employment and cut everybody by 2
19 percent. That's where we got minus 58. That's the amount of
20 effort they put into our spring review planning target.

21 I do know that our examiners went in with a higher
22 level of .. They wouldn't tell me how much higher, but they
23 said somewhat higher.

24 MR. COOPER: That effort is a marked change from the
25 best way that they were about to attack the budget which was

1 very scientifically. We spent 3 or 4 weeks in the spring
2 review. They promised us early decisions in return. And they
3 were surprised how badly their higher level fell short of
4 what the lower level had promised us.

5 CHAIRMAN HENDRIE: Well, we did struggle. We worked
6 pretty hard and intensively on that spring markup we sent
7 them, attempting as they had requested that it be a pretty
8 hard-boiled look.

9 Now, the NRR people needs had not -- at least I
10 hadn't started my look at things out there and realized it.
11 So those are not reflected here.

12 But it looked as though the ultimate result coming
13 back in the budget letter sort of was without regard to this
14 effort or, indeed, without regard to the -- Well, the
15 sort of back and forth communication on this spring thing
16 with our own reviewers over there.

17 I'm not so surprised with the way that worked, but
18 I suppose they aren't too pleased with the way we work either
19 sometimes.

20 MR. COOPER: While we didn't specifically give them
21 numbers in the spring review, mind you, we did note a
22 possible problem in our life over and above . . .

23 MR. BRADFORD: 100 people.

24 MR. COOPER: 100 people. Just an order of precise-
25 ness, but here it is.

1 MR. DIRCKS: This goes back to that '78 emergency
2 action we had several weeks ago. People got alerted knowing . .

3 CHAIRMAN HENDRIE: Here, I think you are right. I
4 think this kind of request is going to run into heavy
5 weather. It's a change in the way we have been treating NRR
6 in the last couple of years from the manning level that has
7 been held pretty constant.

8 It is also an area in which the general perception
9 continues, I think, to a fair degree, certainly in the
10 Congress, probably in OMB, to be one in which we say, "Well,
11 look, people aren't ordering new plants. There isn't any
12 new work in the way of construction permit to have people
13 coming in.

14 "And what the heck is all of this about more people?
15 Why can't you in fact get rid of people out in that shop and
16 supply other offices' needs out of there and keep everything
17 rolling."

18 And I think it's going to be an uphill struggle to
19 make the points that in fact the work load in that shop was
20 gone up in circumstances; there are some excuses for it to
21 have gone down.

22 Now, where you go in initially, I think we are sort
23 of saying the same thing. It is a question where you go in
24 initially.

25 MR. BRADFORD: What I was after last Friday when I

1 asked Harold for a rough idea of what the results would be if
2 instead of the number, whatever this works out to, 258, it
3 were a number more like 100 and the reduction came fortunately
4 out of the only place you really can take it from in case of
5

6 Maybe I just haven't grasped it, but it seems to me
7 what you need to have when you go in with a number like this
8 is some ability to say to OMB, "Here is what won't happen if
9 you drop away and say, 10 percent, 15 people and however many
10 dollars involved take away, here's what we have."

11 And Harold's response, as I understand it after
12 . . pretty short notice was pretty much what we will do with
13 it, we'll drop what the Commission tells us to drop, which is
14 fair enough.

15 That's it. But we have to make a decision, I think,
16 as to what this request looks like . . . We may not have to
17 do it now, but I should think we probably would; that OMB
18 will come down on this pretty hard and will ask what it is
19 made up of, and what we see happening in terms of reactor
20 licenses and particular issues 3 and 4 and 5 years out if
21 they give us none of these people . . .

22 CHAIRMAN HENDRIE: I'm sure we are going to get
23 asked, and I'm sure it is going to be very hard to have all
24 that clear and solid an answer. The configuration is that if
25 we continue to do things as we do them now in that shop with

1 the amendments exactly the same way we do them now, review
2 the ACT and all that, then, in order to keep the licensing
3 times from getting even worse, to keep up the rate of attack
4 on generic items and so on, to keep up with the amendments,
5 then the people number is more like this 956 out in fiscal
6 '80.

7 That is, when the office generated that number, it
8 was on the basis of a work load categorization, number of
9 work elements, so many of this kind of thing and that kind
10 and of what they believe now are their current unit expendi-
11 tures for each kind of work element. And then they come up
12 to a number like this, 956, which is pretty horrendous.

13 So in coming well down from that, not quite half
14 way, but almost half way to the TDO mark, there is already
15 built in an assumption that we are not going to continue
16 to do things just exactly the way we are doing them today;
17 that some of the handtooling is going to have to go over to
18 more manpower effective sort of production scheme on some
19 of these things. And other approaches will have to be sought
20 more carefully winnowing out of what is and what is not in
21 fact critically important in determinations.

22 So just in the cut that EDO and BRG have taken at
23 it, there is that direction built into the office's future
24 handling of things. Now, as we trim further, we are sort of
25 saying, right, that's the way it has got to go, we have

1 to find better ways to attack these things. And we will do that.
2 And that means that the manpower . . . be as large.

3 And our argument with OMB will then come down, how
4 confident -- suppose you had in the back of your mind great
5 patent schemes that you knew would be enormously effective.
6 Gee, maybe the present strength, 616, would in fact be a
7 full implementation for those things, be an adequate manning
8 level in 1980.

9 And in effect, what we are saying is, no, we are not
10 that confident we can beat it all the way down into the ground.
11 We think that very likely, a fair chunk of people will be
12 needed. But, you see, it is sort of -- it has a spongy
13 quality to it plus 100 people over the 1979 level wouldn't
14 that be good enough?

15 Well, how about 160? You know. And it is going to
16 be very difficult to establish some particular level in here
17 as one which you can really support an absolutely solid and
18 ironclad way.

19 MR. KENNEDY: Given the nature of the problem and
20 the potential timing of partial solutions, it would seem that
21 the best impact, the greatest impact, of the increased people
22 wouldn't be in 1980, but really would be in 1979 where we are
23 not going to get them.

24 CHAIRMAN HENDRIE: Well, yes, unfortunately.

25 MR. KENNEDY: Hopefully, if one were attacking the

1 problem by 1980, he would begin to see the solutions. He
2 wouldn't need to be going up at that point; he would begin
3 to think about how he might be coming down.

4 CHAIRMAN HENDRIE: We are flatening out.

5 MR. KENNEDY: Flatening out, but that is only because
6 he hasn't gotten there yet.

7 CHAIRMAN HENDRIE: Unfortunately, we have to make
8 these projections at this time and carry them forward. It
9 does have a --

10 MR. BARRY: Well, we have got a good base on the
11 Commission mark. I think we are down to the point now we can
12 with some tongue in cheek quantify probably more than this
13 number and show where we defer a few things. We have got a
14 history, too, that will support them a little bit. They have
15 been held flat for 3 years. We have had no increase for 3
16 years, based on the lowering case work syndrome.

17 Meanwhile, we have had more operating go on line
18 which means more amendments which means more generic issues,
19 and we had more special . . .

20 CHAIRMAN HENDRIE: Well, those things haven't all
21 occurred in the last 6 months. So looking at that flatened
22 manning level in the office means one of two things -- either
23 the -- Well, several things.

24 One of them is indeed, the work load has been con-
25 stant. The Commission correctly assessed the manning level

1 in the office, held it constant, but since the last last review,
2 it has gone up in substantial increment -- 15, 20 percent.

3 MR. BRADFORD: . . .

4 CHAIRMAN HENDRIE: Well, I think that might be hard
5 to establish quantitatively.

6 Second possibility is that indeed, the Commission
7 had the right assessment of the work load, it should have been
8 held level, and that we ought to do it again this year; that
9 the increment is not there.

10 I must say from the poking around I have done out
11 there, I don't think I could support that either.

12 And the third possibility is that in holding the
13 office level for 3 years, the Commission has been a little
14 too austere with them. And, in fact, there should have been
15 an increment the last year and perhaps the year before of some
16 moderate size. And indeed, I expect if we had allowed 25,30
17 people in there last year as the office ended up requesting --

18 MR. GOSSICK: And as you had drawn before they did
19 ask.

20 MR. BARRY: See, the Commission did support them to
21 some degree for 3 years.

22 CHAIRMAN HENDRIE: But that increment available for
23 hiring October 1, it turns out in the circumstances, at least
24 as I read them, would have been enormously helpful. In place
25 of that, what we have instituted, John, is a sort of a short-term

1 attack in which we are pulling in people from other offices
2 and also sending jobs out of NRR to other offices to try to
3 keep the situation out there from just jelling and sort of
4 becoming, the whole office becoming, unable to move anywhere
5 on things through the next year.

6 But that loads up other offices already who are
7 prepared to say they were fully burdened. And in the places
8 where we are drawing people, primarily Standards, is really
9 cutting to hell the Standards program in the general engineer-
10 ing area.

11 That increment would have been darn handy to have
12 at this time if we had it.

13 MR. DIRCKS: I think we have had a change in
14 management, too. I think the question was raised by one of the
15 Commissioners about the amendments. When did you discover
16 these amendments? I think they have just changed their book-
17 keeping to find out that we do have a backlog of 1000 . .
18 when no one really --

19 MR. HANAUI : Nobody paid attention to it, but it
20 has been there for quite a long time. They reason they didn't
21 get anything for '79 was that they really didn't ask for
22 anything in '79 except some nickels and dimes and things like
23 safeguards that didn't make any sense. They just didn't
24 perceive this whole thing a year ago.

25 MR. KENNEDY" That's correct, Steve. Your

1 assessment is exactly what I recall that I specifically asked
2 -- even if there is a cut here, are we going to get X manyears
3 directly applied to generic issues?

4 And the answer was, absolutely, this is a commit-
5 ment.

6 Now, nobody understood what the situation really
7 was in the institution.

8 MR. HANAUER: Only when Matson came in and began
9 turning over rocks did some inkling of this --

10 MR. GOSSICK: That's the starting point right there.

11 MR. DIRCKS: The highest priority appeal they made
12 to the Commission last year was in the area of Safeguards.

13 MR. KENNEDY: That's right. That's exactly right.

14 MR. HANAUER: Is it that sure enough we rented some
15 bodies and dug it out.

16 MR. KENNEDY: And if there was to be any difficulty
17 any place, it would be in generic issues. And the only thing
18 that was going to be varying with the number of personnel
19 was Safeguards and generic issues. The more people, the more
20 of these things you work out.

21 MR. HANAUER: And indeed, they are in big, bad
22 trouble ' generic issues because they have robbed it blind.
23 They had to.

24 MR. KENNEDY: That's right.

25 MR. HANAUER: Now, your biggest problem, it seems

1 to me, Mr. Chairman, aside from your problem what to do with
2 the '80 budget is how to survive '79.

3 MR. KENNEDY: That's right.

4 MR. HANAUER: Given this huge shortfall and huge
5 increase in '80, '79 is a tunnel of not very satisfactory
6 dimensions.

7 MR. KENNEDY: Isn't it a logical question in OMB's
8 -- if one puts forward a thorough, careful analysis of the kind
9 which Matson has already done, for example, which I think is
10 a persuasive argument for precisely what the situation really
11 is and what has to be done to get out of it, let's assume
12 that that is accepted, if it is, isn't the logical next step
13 to ask for some incremental increase in '79 in the nature
14 of a supplemental?

15 Without it, don't we get back to my earlier question:
16 aren't you trying to get people for the wrong year? You are
17 trying to attack the problem in the wrong year. And while
18 it is commendable that you are making these short-term shifts,
19 aren't you creating other problems thereby?

20 And the answer is, yes.

21 MR. HANAUER: It's the BRG's relationship to them.

22 MR. DIRCKS: But the other way, too, is they have
23 got some changes to be made in the procedures. They have got
24 to study what they have on hand and make some changes. Throw-
25 ing that 100 people, 100 bodies, into the problem now in

1 '79 with the . . .

2 MR. GO...CK: If those procedures pay off, we may
3 not need this number in '80, but we can't, I don't believe,
4 gamble on that. We have to take the pessimistic view and
5 hope we will be wrong.

6 MR. HANAUER: It won't get well by '80. Even if
7 they come out as well as can possibly be hoped, there is
8 going to be a big problem in '80.

9 With the brave new world, you know, it's already
10 the beginning of '79, and you cannot figure to save a lot
11 even in '80 that way.

12 MR. BARRY: I think the 31 the Commission has taken
13 out of . . probably has gotten down to the point where we
14 hope the procedures will pay off. In other words, we are betting
15 on top.

16 MR. HANAUER: In my opinion, there is more to this
17 thing than procedures. There are readjustments needed in not
18 just the procedures which you can almost do it with the stroke
19 of a pencil, but in fundamental technical outlook like
20 reusing risk concepts to decide what to do and what not to
21 do, and that does not get implemented in the struggle.

22 Therefore, you need more people in '80 than you
23 would need if this probably had been spotted 2 years ago.

24 MR. DIRCKS: Not only do we have to sell OMB in
25 getting this, but we are going to have to sell the staff

1 that this number . . .

2 MR. KENNEDY: YOU have to seel the Congress on the
3 fact that whatever approach we are thinking of taking, yes,
4 you find a safety posture which they are expecting. And it
5 isn't just a people-saving exercise.

6 CHAIRMAN HENDRIE: Well, recognizing that all of
7 these things -- I'm not quite sure; I must say, Peter, the
8 158 Delta that we sort of ended up with last Friday night,
9 from my standpoint, could have been larger or smaller. I
10 think there does need to be -- that we ought to put in the
11 '80 budget and go forward and support a substantial personnel
12 increment in the office, but that certainly, you are talking
13 about something like 100 people, it certainly meets that
14 description.

15 And it is sort of a question of where between 100
16 and 160, 158 --

17 MR. BRADFORD: When I asked for an estimate on 100,
18 it wasn't so much because that was a number that I thought
19 was right; it was because I was trying to get some feel for
20 what this operation looked like if we broke it into pieces.

21 See, what I am trying to get some sort of a grip on
22 is what we really have in the world outside of the NRC in
23 the years after FY '80. If this number is cut in half of in
24 thirds -- that is, there is a set of operating licenses
25 waiting that will come up much later, there is a set of

1 amendments that will come out later, there is a set of generic
2 issues that will get resolved later, and what difference is
3 all that?

4 CHAIRMAN HENDRIE: You are not getting any very
5 good answer, at least from me. And the reason is that I don't
6 think I can give a good answer. And I'm not sure that we
7 capable of quantifying it in those terms even though that
8 might be highly desirable.

9 You know, what we are saying is we are having now
10 to make decisions which won't be implemented and won't be
11 reflected in either people coming on board or not coming on
12 board for well over a year. And we have got a lot of things
13 to do, changes to make, new managers aboard out there who are
14 moving in those directions.

15 We are really here, you know, sort of moving the
16 gun through the bird and taking what we think is the right
17 bead on the problem, but I must say at this particular time,
18 it's not so clear what the bird's velocity and direction
19 would be by the time the shot pattern gets out there.

20 I just don't feel able to nail it down in the sort
21 of quantitative terms that would make one more comfortable
22 that you are hitting about the right place.

23 MR. BRADFORD: Not only more comfortable, but I
24 think it would be essential to making it salable beyond our
25 own borders because I have never sat in on an OMB deliberation,

1 but I assume they have got some very concrete concerns now.
2 in terms of a Presidential commitment on the budget and a high
3 inflation rate. . . on everything except those areas where
4 they see some greater evil will be anticipated if they don't
5 press down hard.

6 There is presumably something we can tell them in
7 terms of barrels of imported oil that won't be displaced.
8 We don't have to tell them that, but some conclusion they can
9 draw in terms of the consequences occurring 10 or 15
10 operating licenses over 1 or 2 years that will have some
11 meaning.

12 But in the absence of being able to tell them
13 what those consequences are, it seems to me that if we can't
14 tell them what the difference between 158 and 100 is, they
15 are just going to say 100, or they are going to say 50 or 0.

16 Sometime in the course of sending all this over and
17 in the course of deciding what we will do when we get numbers
18 back, it has got to be, I think, harder knowledge.

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1 COMMISSIONER BRADFORD: When I asked Harold what the
2 difference between 158 and 100 was, that wasn't because I
3 was in love with it.

4 COMMISSIONER KENNEDY: But the question has
5 to be answered, and I assume somebody's already setting to work.

6 MR. THOMPSON: One remark that Harold did mention,
7 that offsetting numbers of people could, if one increased
8 the funding allow them to go contract outside, if you did
9 have that kind of concept in mind. If push came to shove,
10 we thought that maybe some of those issues we could contract
11 out to National Labs or something.

12 MR. BARRY: We can do that in some cases. If he
13 called and said that's how he was going to get rid of his
14 backlog and get him to say, why can't you do something with
15 a package for 1000 a year. Harold and I agree about that.
16 You can to a degree. But we're already starting to take
17 bounds at that point.

18 Well, it may be well to ask --

19 COMMISSIONER BRADFORD: And I don't know whether
20 OMB is more jealous about dollars or people.

21 MR. AHERN: When it comes down to the final mark,
22 the hardest one is if you've got a \$350 million budget, he's
23 talking about a one or \$2 million difference -- they'd be
24 much more likely to give you that, than they're asking, I think,
25 \$27 million mark.

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Besides that, it's much larger.

MR. BARRY: By our standards it's a little different. In fact, they made some suggestions to us: what would you do with another \$5 million?

MR. AHERN: A couple of million dollars on a \$50 million budget, they'd like to be able to find that. Out of 150 people, once you get down to the 50 people, they're not going to care very much.

Peter's question, though, is exactly right. The attitude in OMB is that they don't see why NRC should have more people. And so if you come in and say in general terms, here's why you need 150, then they will, in their own review sessions, ask just that question.

What difference does it make if the impression they get is that the general health of the agency would be improved by having more people. That's just not going to carry any weight.

COMMISSIONER KENNEDY: That situation is going to be worsened by the fact that the assumption that we don't need any more people is totally consistent with all the argumentation and the data that we put forward to them for 3-1/2 years. It's our own data which then argued out case for them, which is persuasive to us. The fact that the data was wrong, the method of its collection is wrong didn't come to light.

If the data is right now, are we in such a mess here?

1 MR. BARRY: There are certain areas -- areas
2 that they are not sure, and I think there are a few areas
3 where they have a problem in that respect. One area that
4 they seem well prepared on is inspection. We have a heck of
5 a time convincing them -- this area, they haven't been
6 positive other than just the old case work syndrome. That's
7 why this year we're going to have to show them that it is
8 working.

9 But ever with that, we've got a new dimension of
10 case work. I suspect that we really didn't quantify very
11 well in the past years. And this set us back a lot. Once
12 you don't get it, that's what happens.

13 MR. GOSSICK: Another thing to think about,
14 though, is the reception on the Hill has generally been
15 more favorable toward this. Both Bevell and even Dingell's committee
16 were saying, "What could you do with some more people in licensing?" So I
17 think they may have a little bit different attitude over there.

18 MR. DIRCKS: I think OMB is aware of that too.

19 MR. GOSSICK: That's right.

20 MR. DIRCKS: You know Senator Nunn will be asking some
21 questions.

22 MR. GOSSICK: He sets specific areas where he has
23 strong opinions.

24 MR. COOPER: Your question on approach: typically, the
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1 budget goes down September 1; within two to three weeks there-
2 after, the OMB has their hearings. OMB confers with Len and I about
3 how they want to present those hearings. Invariably, they want to see what
4 would happen to X program if it was pared down such and such.

5 We give instructions to the officers to be prepared
6 to address these points. Then you start seeing the hurts as
7 you go down each program. So that is a uniform procedure.

8 MR. AHERN: To tell you at least from the side of the OMB
9 that I've seen, their attitude is that what you guys come up with, in the
10 past at least, was very unconvincing; they felt a lot of gold watches were --

11 COMMISSIONER BRADFORD: What is a gold watch?

12 MR. AHERN: A gold watch is like closing the
13 Washington Monument on a weekend. Any money out of the department
at all --

14 CHAIRMAN HENDRIE: The first thing we do is close
15 the monument weekends, right?

16 MR. AHERN: That's the least priority item. A gold
17 watch is something that you're saying, well, this is what your
18 lowest priority is that you have to give up, knowing full well
19 they're not going to let you give that up.

20 MR. COOPER: Actually it's very low in the three
21 years, though, compared to what we've gotten out. It's amazing.

22 COMMISSIONER BRADFORD: That's why the gold watches
23 are all safety.

24 CHAIRMAN HENDRIE: Yes. You know, as we look at the
25

1 things that you have to do, you have to deal with the
2 operating plants, keep them up to snuff on safety. After
3 that, I guess you have to deal with operating license
4 applications. You have to get the plants coming down the
5 home stretch under construction and other work standardization
6 work.

7 Some of the things we get squeezed back, but
8 because we're better so much on our ability to rescope and
9 reshape the way we do the work in that shop, if you go
10 forward in a fairly quantitative sense, using manpower
11 expenditure measures that are used and other work problems
12 just in coming back from the office on line 56 to 800 or so,
13 well, you'll find you've already lopped off -- God, you're
14 back, most of the way back to operating license reviews, I
15 suppose, in terms of the things you're giving up.

16 And you know darn well when push comes to shove,
17 you're going to fight like hell to get those things done
18 somehow.

19 So, I'm not sure but what we don't start out talking
20 about gold watches the deeper you get into them.

21 Well, as Ben suggested, it's a good idea that one
22 of the things contemplated in terms of looking at this
23 office's personnel level, why don't we take a look at the
24 overall agency. This seems to be coming out in the preliminary
25 part here. It's pretty hefty higher by, what, 80 people than I

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2 COMMISSIONER BRADFORD: Higher by 300 people.

3 (Laughter.)

4 CHAIRMAN HENDRIE: Yes, that would be more to the
5 point. The second sheet of that, one of the things you had
6 passed out this morning has the office summary on people. It's
7 as if -- it looks like this. For easy scanning up and down the
8 line, the total 3028; our spring recommendation was 2948, and
9 OMB's guidance letter was 2730.

10 I can see up and down the line, though, much place
11 to fool with it. Do you?

12 If you wanted to get down to the last few manpower
13 units there, I suppose we could go down the line to that.
14 All but a handful of people are out of the increments for all
15 of the offices.

16 Any comments?

17 COMMISSIONER BRADFORD: I think that's accurate.
18 Except for the 158 at NRR. Am I right, that there isn't more,
19 about a 20 percent --

20 MR. HANAUER: They've got the biggest other chunk.
21 That's a jump of 18.

22 COMMISSIONER BRADFORD: So the other 140 people
23 come in --

24 CHAIRMAN HENDRIE: Hang on. That man's got a jump
25 of plus nine.

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1 MR. HANAUER: From 79?

2 MR. GOSSICK: 385 to 403. I get 18.

3 Oops, I'm sorry. Yes. You cut --

4 CHAIRMAN HENDIRE: Nine people out of there. We
5 went rapidly across I & E, across 24 people the other day.
6 I suppose it's a possible source of a couple.

7 COMMISSIONER KENNEDY: More on those operating
8 reactors, aren't they?

9 COMMISSIONER BRADFORD: I don't think there's
10 much profit in going at this now. Making sure the cut's
11 based purely on numbers. It seems to me what we ought
12 to have is NRR's best estimate of what the pieces of the
13 one big number in here look like. And then, we'll wind up
14 going forward with these numbers, but I'd like to have a better
15 feel of what that means or what we sent OMB.

16 I'd like to have a feeling that we're really able
17 to get the sound argument to why the numbers should be disregarded.
18 The others are small enough that OMB will say it isn't worth spend-
19 ing a lot of time now looking at the policy consequences involved in 9 people

20 CHAIRMAN HENDRIE: I'm not sure.

21 COMMISSIONER BRADFORD: If I understand correctly,
22 we don't transmit anything now until September 1st.

23 MR. COOPER: That's right.

24 COMMISSIONER BRADFORD: Then why don't we just work
25 with these numbers, but instruct NRR and then come back --

1 CHAIRMAN HENDRIE: To find out their need.

2 And we get to work with the comptroller's office
3 and get that in fair shape. Let's see. Let's find out from
4 Len sort of when -- you know, there comes a time when working
5 against the submittal time you've now just got the printing and
6 the postage time increment. And by that time you have to decide
7 what's going to go.

8 We're not there yet, but as we lose people,
9 going off for August, we may be getting close to the time.

10 COMMISSIONER BRADFORD: Here, if I understood
11 you correctly, what Harold really said is that ultimately,
12 cutting back on those numbers, the Commission has to make
13 a hard policy choice of where the de-emphasis comes.

14 MR. THOMPSON: Yes.

15 COMMISSIONER BRADFORD: I guess what I really need
16 from you now is some sense of what the discrete pieces are
17 that we have to choose among.

18 You might have a recommendation on what the
19 priorities ought to be. But really those are choices that
20 have to be made, considerations sort of outside of this
21 scope.

22 In the end we have to decide whether it's more
23 important to license an extra 10 or 15 reactors a year or
24 that we have to classify the issues any more. But, say, the
25 top 10 of those --

1 MR. GOSSICK: We really ought to look to the
2 officers. You see, they don't know what you've done so far,
3 any of them. They need to know your mark and give them a
4 day or two to panic and come back in here and tell you.

5 COMMISSIONER BRADFORD: Maybe this is a good enough
6 number to go into the process with. But I do think the
7 NRR people are going to have to a glimpse --

8 MR. COOPER: This is what Tuesday's schedule did
9 contemplate.

10 CHAIRMAN HENDRIE: Tuesday is a trifle crowded.

11 MR. AHERN: What is your wrapup date?

12 MR. BARRY: By the 15th of August we really have
13 to start going to press in terms of the paper.

14 MR. GOSSICK 1 September is the deadline.

15 MR. BARRY: We do all the decision making and
16 packages. We have to transfer the way we've done it back into
17 that format, level one, level two, level three, and multi-
18 year. And that's a hellacious logistic problem.

19 COMMISSIONER BRADFORD: But you have a little play
20 in there, I think. YOU can start on August 15th with the
21 things that are established and if there's one trouble spot --

22 MR. BARRY: We'll start right away; as soon as we
23 provided this to the staff, we'll start putting it into a
24 format. And this we can patch as we go along, particularly
25 in people. It's easier than dollars, except that of course

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1 every time we affect the person, you affect travel and compensa-
2 tion, percent of training. And it's not the magnitude of the
3 dollars, it's the magnitude of the adjustments to the package.
4 Unfortunately, when this package gets to OMB, they'll put it in the corner.

5 MR. HANAUER: They can no more cope with it --

6 MR. BARRY: No way.

7 MR. DIRCKS: They'll just come back and ask why this has
8 increased.

9 MR. BARRY: Yes.

10 CHAIRMAN HENDRIE: Let me make a suggestion from
11 the standpoint of schedule. I'd like to allow a day or so
12 for people to mull on this at the offices. I think we can have
13 useful discussions with NRR. Why don't we -- are people going
14 to be here Thursday? There had been a full Commission day
15 scheduled, and what I recommend is that we take up this
16 matter on Thursday and let's see if we can't then settle,
17 if we can hear people who want to be heard. Well, on Thursday
18 morning we're scheduled to hear about licensing procedures
19 for geologic depositories, a general briefing which has been --
20 there are some proposals. I would propose to postpone that.
21 It has some things in it, in any event, which we need to
22 discuss, I think, at some length.

23 And it may not be easy to patch it in here sort of
24 before everybody disappears on vacation anyway. So, I think
25 it's likely it'll be one of those things we'll get the subject

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closed, and then we'll come back and retred on it. It will be better to get it presented in a Commission session. After we get that -- so, I would scratch that, these personnel or inquiry things. I just am automatically schduling response of the secretariat, not anything explicit. I'd scratch those and scratch the first one. That leaves the morning free.

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1 Now, what I would propose, there are things that are
2 useful to think about in connection with the budget exercise.
3 I propose to take this status briefing on the operating reactor
4 systematic evaluation program, plug that in first thing in the
5 morning on Thursday, get a chance to wake up. We can go into
6 hearing office discussions that morning, and then in the
7 afternoon finish up.

8 Similarly, I think the same remark I made for geolo-
9 gic repository licensing procedures can be made about this
10 general policy statement on nuclear power reactor site evalua-
11 tions. It's a paper which has been kicking along for a spot on
12 the schedule for some time. And again, it's a fairly broad
13 policy matter.

14 I really am not fond of throwing in the Commission's
15 bill sort of at the end of the session. So I would, again,
16 postpone that. If that sounds like a reasonable possibility,
17 it'll give some people a couple of days to organize their
18 thoughts to decide whether they want to come and talk to us.
19 NRR will, in any case, request to. Others may or may not. It
20 also allows -- if you get a chance, Peter, you might want to
21 have a go-around on a short of one-on-one basis, and some fur-
22 ther discussion may be helpful, to have a discussion on Thursday.

23 Now, the last thing, then, that I would suggest to
24 you is to ask whether you want to stand with the numbers \$395.6
25 million and 3028 people as the preliminary mark which we're

1 talking about, or whether you think -- I certainly wouldn't
2 recommend increasing it, let me say. If we talk about changes,
3 why, first talk about changes on the down side.

4 COMMISSIONER KENNEDY: We could take a meeting here
5 and a meeting there, and I'm sure it sounds very much -- let's
6 at this juncture hear what the staff has to say, the preliminary
7 markup. I think we've reasoned it about as far as one could, I
8 think.

9 CHAIRMAN HENDRIE: Let's see. At 331 this year.
10 We're up 65, right? Almost 65. 331 in fiscal '79. The esca-
11 lation on a \$330-some million budget would be what? What's
12 fair? Six?

13 MR. BARRY: \$13 million, we estimate, inflation.
14 That's pretty conservative. That's 6 percent of our contractual
15 technical assistance.

16 CHAIRMAN HENDRIE: Let's see. 6 percent of the gross
17 would be closer to 20. It's 13 -- you don't replace all of it?

18 MR. BARRY: The people come through separately.
19 When you get a payroll raise, you put it into a comparability.
20 You put it in a basis or it cancels this out. So we only
21 inflate contractual technical assistance, which is half of our
22 budget.

23 MR. HANAUER: You don't inflate research/

24 MR. BARRY: Yes.

25 CHAIRMAN HENDRIE: That's contractual.

1 MR. BARRY: It comes out to about \$13 million or 6
2 percent. Last year it was 11.

3 CHAIRMAN HENDRIE: Okay. So the inflation at 6
4 percent --

5 MR. BARRY: As I mentioned earlier, if you take the
6 LOFT --

7 CHAIRMAN HENDRIE: Now, what's the LOFT delta?

8 MR. BARRY: 17.

9 CHAIRMAN HENDRIE: Your late organization is going
10 to limit the whole operating cost. We picked up half of it for
11 '79, and the other half is now 17? It it with the

12 MR. BARRY: The people number is 8 million.

13 CHAIRMAN HENDRIE: And the people just representing
14 240 salaries, well, and moving them in place and everything.

15 MR. COOPER: Three-fourths of the costs.

16 CHAIRMAN HENDRIE: That's about 8 million.

17 MR. COOPER: Plus the full cost of what we fired.

18 CHAIRMAN HENDRIE: I guess I have to regard the 8
19 million people as sort of a real increase.

20 MR. BARRY: Yes.

21 CHAIRMAN HENDRIE: But 30 million of the 65 is an
22 increase which would occur if we held personnel level and contrac-
23 tor level of effort flat, right?

24 MR. AHERN: As you pointed out, that's about 11
25 million.

1 CHAIRMAN HENDRIE: And so we're talking about a
2 \$35 million -- we're saying that we need 10 percent for '79.

3 MR. GOSSICK: Of which 8 of that is waste. As some-
4 body said today, tomorrow's safeguards. I was thinking about
5 that last week.

6 COMMISSIONER KENNEDY: Two years later it will still
7 be that.

8 CHAIRMAN HENDRIE: Well, what's your pleasure,
9 gentlemen?

10 COMMISSIONER BRADFORD: I have no objection to doing
11 just what you suggested. I would suggest, though, that we ask
12 NRR to speak to two alternate marks. In other words, to be
13 completely arbitrary about it, using, instead of 110 and 64, use
14 55 and 32. I should think that way we'd get some feel.

15 CHAIRMAN HENDRIE: Half the proposed?

16 COMMISSIONER BRADFORD: That ought -- I think what
17 they should do is to give us some idea of what the choices we
18 may have to make are. But give us some idea of what the choices
19 are.

20 CHAIRMAN HENDRIE: It's going to be like Sear's:
21 best, better, good. This one's going to have, however, a poor,
22 lousy, unspeakable set of levels in it. Yes, I think that's a
23 good basis for NRR.

24 MR. DIRCKS: You want them to freeze what they have?

25 COMMISSIONER KENNEDY: Let them tell us.

1 MR. DIRCKS: What many times they do is, they say
2 the highest priority is people.

3 CHAIRMAN HENDRIE: Well, let's see.

4 COMMISSIONER KENNEDY: Let's find out.

5 COMMISSIONER BRADFORD: Generic shows up where, in
6 tech projects?

7 CHAIPMAN HENDRIE: Yeah, tech projects. Why don't
8 you let that stand on the minus 5?

9 COMMISSIONER KENNEDY: Instead of that, just take
10 the number off the total and say: What would you do? Because
11 as a practical matter --

12 COMMISSIONER BRADFORD: That's all right.

13 COMMISSIONER KENNEDY: -- they would do it anyway.

14 COMMISSIONER BRADFORD: I still think it's probably
15 better, instead of saying, what would you do -- I mean, that's
16 all right. But what I really want to know is what kinds of
17 choices --

18 COMMISSIONER KENNEDY: Okay, sure.

19 COMMISSIONER BRADFORD: -- you have to make.

20 MR. HANAUER: Maybe you should ask them: What are
21 the choices at such and such level?

22 CHAIRMAN HENDRIE: And I think the lower level that
23 you're looking at would be somewhere in the neighborhood of
24 plus 100, 110 people.

25 COMMISSIONER BRADFORD: What have I done? I had

1 knocked 87 out of that.

2 CHAIRMAN HENDRIE: Out of their requests?

3 COMMISSIONER KENNEDY: You knocked 87 out of 158?

4 COMMISSIONER BRADFORD: Right. It would have been
5 189.

6 CHAIRMAN HENDRIE: So let them put it about the 100
7 level.

8 COMMISSIONER BRADFORD: What I'm really after is to
9 give us some idea of what happened.

10 CHAIRMAN HENDRIE: The question --

11 COMMISSIONER KENNEDY: Instead of 158?

12 COMMISSIONER BRADFORD: Yes.

13 CHAIRMAN HENDRIE: I think I may want to point out
14 to you that even EDO's mark raises certain choices.

15 COMMISSIONER BRADFORD: I understand that.

16 MR. HANAUEP: Mr. Chairman, mightn't you want to ask
17 them in terms of not just what they would do, but whether the
18 choices, if there are some alternatives you'd like to hear on
19 this.

20 CHAIRMAN HENDRIE: I think we'd want to hear what
21 the alternatives are and what the choices are, rather than what
22 would they do, so much, because I think Harold is making the
23 right answer. When asked that question already, he says, come
24 on, I'll do whatever the Commission wants me to do. If you want
25 to put plants east of the Mississippi and north of the Mason-Dixon

1 line on an absolute priority, which seems reasonable enough to
2 me, why, we'll do that.

3 MR. GOSSICK: How about dollars, constant or tradeoff?

4 CHAIRMAN HENDRIE: I think we have less problem
5 with the dollars in NRR.

6 MR. GOSSICK: This is just if they can use the
7 dollars.

8 MR. COOPER: To what extent can dollars be used?

9 COMMISSIONER KENNEDY: It's not an even trade.

10 COMMISSIONER BRADFORD: The only other problem I had
11 held over from last week is a couple items of research. I guess
12 I still have those.

13 COMMISSIONER KENNEDY: The BWR?

14 COMMISSIONER BRADFORD: That one and the 3D.

15 COMMISSIONER KENNEDY: The set-asides.

16 COMMISSIONER BRADFORD: Are you familiar with the
17 contingency arrangement in those 3D's?

18 MR. HANAUER: Only slightly. The problem is that
19 they're negotiating with the Germans and the Japanese, and they
20 have different ways of budgeting. Their budgeting is somehow
21 more ironclad. They've got green money and blue money over in
22 Japan, and once they get a special thing it has to be built in
23 the right color of bricks or something. So what they have
24 tried to do is write these contingencies in such a way, a, so
25 that we don't get stuck with the overage; but, b, so the program

1 doesn't fall on its face. And the lawyers -- now, the problem
2 is that, as you might expect, once you try to figure out
3 exactly what the \$300 million worth of stuff looks like, sure
4 enough, it's going to cost \$20 million more than we've got.
5 And I guess we were warned that the numbers we saw last year
6 were pretty tentative. In the intervening year, all those
7 things added to the design -- indeed, it's gone up from what we
8 thought. And in order that it not go up every year, they put
9 this so-called contingency in the plan.

10 I'm of two minds: Yes indeed, it's going to cost
11 more than they think now. They're going to need 300 more
12 furnaces when they get into it, and it isn't going to work. And
13 then they'd have to work up \$3 million worth of something else.
14 Maybe this is a way to put a lid on it, which I would think the
15 Commission would like very much to do.

16 COMMISSIONER BRADFORD: At least a lid above which
17 they have to come back to us.

18 MR. HANAUER: That's why they're back, because there
19 already was such a lid and it's been pierced.

20 COMMISSIONER BRADFORD: What was the old lid?

21 MR. HANAUER: It was about 50.

22 COMMISSIONER BRADFORD: They have \$15 million in
23 contingencies, and then \$5 million for contingencies, which has
24 all changed the scope of the work. What do you normally think
25 of as a reasonable contingency for a contract running that number

1 of years, in percentage terms? I would have said something, a
2 ten percent contingency.

3 MR. HANAUER: We used to use ten, and then a lot of
4 projects we've been on we've doubled it, because that's how it
5 really came out.

6 MR. BARRY: In R&D technology, most of it is 20.

7 COMMISSIONER BRADFORD: But if you used 20, you'd
8 be talking about 60 million.

9 MR. HANAUER: I don't remember last year.

10 MR. DIRCKS: LOFT is one of the reasons why the
11 Committee did it.

12 MR. GOSSICK: Because of the LOFT kind of experience.

13 MR. HANAUER: Inflation on this kind of stuff is just
14 going to be staggering. This is bricks and pipes and instruments
15 and so on, and this has escalated more than the cost of living.

16 COMMISSIONER BRADFORD: I don't know how much we
17 gave in any given year, if we spent 20 percent total -- But
18 instead of this contingency being 20 million on a \$50 million
19 budget, it ought to be \$10 million.

20 Can you tell from the sheet in front of you what that
21 means in FY '80?

22 MR. HANAUER: It went from whatever last year's
23 prediction was up to 13.1.

24 MR. GOSSICK: 13.5.

25 MR. HANAUER: I think it's 13.1.

1 MR. GOSSICK: Something like that.

2 CHAIRMAN HENDRIE: You want to come in and argue with
3 us about the safety position, anyway.

4 MR. HANAUER: I'm sure we will.

5 COMMISSIONER BRADFORD: I don't think this is going
6 to necessitate a separate breakdown. It's just one more thing
7 that we're talking about.

8 MR. HANAUER: I don't have last year's numbers.
9 Bruce, I don't guess you do either?

10 MR. COOPER: No.

11 MR. HANAUER: Let him tell you what last year's
12 numbers were.

13 MR. GOSSICK: 30 percent of 13 is roughly \$4 million.

14 MR. BARPY: You mean what they were budgeting for
15 this year?

16 MR. HANAUER: What they foresaw. They had a multi-
17 year budget last year.

18 COMMISSIONER BRADFORD: Well, there they have a total
19 of \$50 million budgeted over 7 years, and had the additional
20 \$20 million, which was split into two contingencies, one of
21 which is an overrun contingency, ~~one~~ of which is a change of
22 scope in working conditions. I don't know whether that's usually
23 over the seven --

24 MR. HANAUER: Maybe I can help you with it. Remember,
25 we are a little bit, on this program, a tail wagging the dog,

1 the dog being the large facility in Germany and the large
2 facility in Japan, built with marks and yen. Our contribution
3 is, first, to manufacture and deliver to these plants on their
4 schedule a lot of very elegant instrumentation that's been
5 developed for our program, primarily in Idaho, and the contrac-
6 tors that Idaho has developed, because it's that kind of
7 measurement.

8 Secondly, to do a lot of expensive calculations with
9 a new code called TRAC, which we're developing at Los Alamos,
10 and which is just now being put onto the computers in a couple
11 of other labs.

12 Now, the instruments we know fairly well what they
13 will cost if the ones we've got turn out to be able to do their
14 job, except that they are escalated because of inflation. The
15 running of TRAC is the other big ticket, and we don't have a
16 good handle on what that would cost. We are being asked to run
17 things that we don't quite know.

18 COMMISSIONER BRADFORD: But does inflation make a
19 big difference on running the code?

20 MR. HANAUER: It's people time, which we have a fair
21 handle on, and computer time, which we have a fair handle on.
22 The problem is that we may have to do a lot more of it than we
23 think. You know, we ran four cases on this load, and a case
24 these days takes 12 hours on the computer, which is a lot of
25 money. And sure enough, the code doesn't quite predict what's

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1 going on in that facility. So we'll go on and run off a new
2 code and run four more. It's still a developmental code.

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1 So it's not the unit cost in that case; it's how much
2 we're going to need. But I think they're right. We're going to
3 need more than we usually foresee.

4 Furthermore, the experiment may do this instead of
5 that, and then they'll run three or four possibilities to see if
6 they can figure out what happened.

7 COMMISSIONER KENNEDY: You also have to be prepared to
8 do that on a scheduled consistence with the data output from
9 the Japanese and Germans.

10 MR. HANAUER: You don't want these expensive facilities
11 sitting around while you get some money next year to run some
12 more tests.

13 CHAIRMAN HENDRIE: If we do not ask for discussion of
14 some of these other items, either people or dollars, that will
15 tend to fix the present levels.

16 COMMISSIONER KENNEDY: Except if the staff will take
17 them back and wants to discuss them.

18 CHAIRMAN HENDRIE: Yes.

19 Looking at these levels, aside from NRR and people
20 levels, and the only places I would scratch my head again and
21 perhaps ask just once more whether the increment could not be
22 smaller would be in I&E. It's plus 24, and I'd add about half
23 that.

24 COMMISSIONER KENNEDY: You note the '78-79 level.

25 MR. HANAUER: There's a big increase in '78.

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1 CHAIRMAN HENDRIE: But you remember '77 to '78 is
2 something like a 180 people? From 125 it was 75 in the '78
3 budget, plus 61 in the supplement or something like that.

4 MR. HANAUER: There's a supplemental in there, too.

5 CHAIRMAN HENDRIE: In fact, when we went to 750 there
6 were some who felt there was at least sort of a reasonable
7 chance you might be able to come in and not ask for any
8 resource, people resources in the budget. I'm not sure whether
9 the 24 is sort of, you know, how solid it is. That would be --

10 MR. GOSSICK: That's the level you asked me to
11 address, half of that, the 24 indcrease?

12 CHAIRMAN HENDRIE: Tentatively, there's a 24 increase
13 except in your markup, and I would be interested to hear what,
14 you know, again, briefly, what the options are at zero
15 increase and at about half that.

16 MR. BARRY: OMB has to take some people out of our
17 budget. It's generic to their operation.

18 MR. HANAUER: You can get fired over there.

19 MR. BARRY: And I'd like to have a little flexibility
20 to let them take some out.

21 CHAIRMAN HENDRIE: I'd like a little lean.

22 MR. GOSSICK: It wouldn't hurt to ask when you know
23 ahead of time you're going to have to do something like this
24 what the lean factor is.

25 CHAIRMAN HENDRIE: And then one other thing that I

sp3

1 would be -- it's going to come anyway, but I would like to hear
2 from, is what the options look like from Sol on the research
3 budget in about a \$10 million overall reduction in one line 886
4 level, and what sort of options might we have to contract down
5 by about \$10 million.

6 MR. HANAUER: Research budget money is \$10 million.

7 COMMISSIONER BRADFORD: One of the specific questions
8 I had in that area was the BWR cooperative program.

9 CHAIRMAN HENDRIE: Answer my question.

10 COMMISSIONER BRADFORD: The question I had -- and then
11 you can answer the question I should have had -- the logic, as I
12 understand it, is sort of a foot in the door; this entitles us to a better say
13 in the running of the project and in getting the data back. I wonder how the
14 level is arrived at as distinguished from half of that.

15 MR. HANAUER: I think you should ask Sol that. I sort
16 of know where they got it, but I think Sol should respond.

17 I think it was arrived at by subtraction, what they
18 would stand for and what it would cost them to buy in.

19 Obviously, if you use 3.3, you could probably buy in
20 with that, too.

21 There's a fair amount of mule trading in some of those
22 things.

23 COMMISSIONER BRADFORD: What I really need is a better
24 feel of why don't we just tell somebody to solve the problem and
25 come back and tell us how they're solving it. In this case,

sp4

1 when do we feel it's appropriate for us to pump the money into
2 finding the solution, and in that second situation, how do we
3 decide how much?

4 MR. HANAUER: You have to ask Harold Denton the first
5 question. He's the one who said you do or you don't get a
6 license, or he tells Sol, please get me some research. You need
7 the two of them together, and it's a terribly difficult question.
8 I would think you'd want someone to ask that question, and it
9 might be useful to ask specifically rather than generally.

10 I'll tell you, part of the answer is that we're spend-
11 ing billions on pressurized water reactors and peanuts on boiling
12 water reactors.

13 COMMISSIONER BRADFORD: I'm not sure which way that
14 answer ends, but yes, I understood that.

15 CHAIRMAN HENDRIE: Okay. Are we clear on the things
16 we'd like to hear Thursday morning? And let's see, is the
17 Secretariat around?

18 MR. WHITE: John stepped out for a minute.

19 CHAIRMAN HENDRIE: Will somebody make a note or two
20 and tell the Secretary what we want to do. Okay?

21 Let's go for Thursday morning, 9:30. We want to get
22 an SEP briefing, because that may be helpful in discussion.

23 There are some questions that would be helpful if the
24 Commission --

25 COMMISSIONER KENNEDY: That's moving the item from the

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1 afternoon to the morning.

2 CHAIRMAN HENDRIE: Yes, sir. After that we go into
3 closed session on budget markup discussion, with the office
4 directors telling us assorted things, NRR research, I&E and
5 so on. Plus, anybody who wants to come down and argue with
6 this mark, NRR is to look at a couple -- to look at that
7 immediate manning level and discuss those sort of options.
8 They may also want to discuss where they stand, 158 plus a
9 hundred or so.

10 I'd like to hear from probably John Davis to come
11 down from I&E about the inspectors plus 24 versus plus 12.

12 In research two questions Peter has raised, the BWR
13 joint program and the overall question of what sort of choices
14 would we have if we dealt with the motion to take 10 million
15 dollars out of that 195.6.

16 Okay.

17 And then in the afternoon at 2:00 we will continue --
18 probably run the office directors out in the morning and
19 continue in the afternoon at 2:00. If not, then you have permission
20 to gather and take the final mark. After which we'll unleash
21 the Comptroller and his people.

22 Then we'll go into a state of meditation.

23 (Laughter.)

24 CHAIRMAN HENDRIE: It's pretty clever the way you arranged this. You
25 can probably come on board and do anything you want.

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Okay.

(Whereupon, at 11:35 a.m., the meeting adjourned.)

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