

NUCLEAR REGULATORY COMMISSION

ORIGINAL

COMMISSION MEETING

In the Matter of: PUBLIC MEETING
BUDGET SESSION

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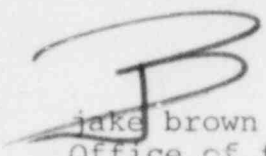
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1. Transcript of: Budget Session, July 20, 1981,
(1 copy).
 - a. Vugraphs presented at budget session. (1 copy)


Jake Brown
Office of the Secretary



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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
PUBLIC MEETING
- BUDGET SESSION -

Nuclear Regulatory Commission
Commissioner's Conference Room
1717 H Street, N.W.
Washington, D.C.

Monday, July 20, 1981

The Commission met, pursuant to notice, at

2:35 p.m.

BEFORE:

- NUNZIO PALLADINO, Chairman of the Commission
- VICTOR GILINSKY, Commissioner
- PETER A. BRADFORD, Commissioner
- JOHN F. AHEARNE, Commissioner

ALSO PRESENT:

- SAMUEL J. CHILK, Secretary
- LEONARD BICKWIT, General Counsel
- LEN BARRY, COMPTROLLER
- WILLIAM DIRCKS, Executive Director for Operations
- K. CORNELL
- BUCK BASSETT
- DENNY ROSS
- ROBERT MINOGUE
- RONALD SCROGGINS
- DICK DEYOUNG
- HAROLD DENTON
- JOHN DAVIS
- DENNIS RATHBUN
- VICTOR STELLO
- DAN DONOGHUE
- EDWIN TRINER
- LLOYD DONNELLY

P R O C E E D I N G S

1
2 CHAIRMAN PALLADINO: Good afternoon, ladies and
3 gentlemen.

4 The Commission's meeting this afternoon is to be
5 concerned entirely with NRC's budget for fiscal years 1983
6 to 1984. According to the Reorganization Plan No. 1 of
7 1980, the Chairman is to present to the Commission each year
8 a proposed budget for Commission review, markup and approval
9 for submittal to OMB and eventually to the Congress.

0 The budgets for 1983 through 1984 are to be based
1 on the fiscal year 1983 to 1987, Policy Planning and Program
2 Guidance, PPPG, prepared by the Commission and issued June
3 23, 1981. This document provides the Commission-approved
4 basis for NRC planning, programming and budgeting for the
5 next five years. It serves as a basis for developing the
6 major offices, budgets and programs, and it is to be
7 followed unless exemptions are specifically allowed or the
8 policy is amended by the Commission.

9 Although I had no part in preparing the PPPG
0 document, I applaud its issuance and commend the Commission
1 for undertaking and completing the preparation of this much
2 needed document. In view of the time required for
3 preparation of the PPPG, this development and the
4 preparation of the fiscal year '83 and '84 budgets had to go
5 on in parallel; however, I understand that in the process

1 there was much interaction so that inconsistencies between
2 the budget and the PPPG should be minimal.

3 As time goes on and experience is gained with it,
4 the document may have to be revised, but I view it as an
5 excellent basis for our examination of the budget proposals.
6 I am a firm believer in the planning process represented by
7 the PPPG document. While the budget should be the vehicle
8 for implementing our plans, we should not wait until budget
9 time to identify our goals.

10 It is my hope that in the months ahead I can work
11 with the Commission and the NRC staff to develop more
12 specific targets to implement the broad aims set forth in
13 the planning document. In the process we will also
14 undoubtedly uncover other areas in which the Commission may
15 want to establish specific goals.

16 In the preliminary discussions with the staff I
17 listed a number of major areas of importance in which we
18 might establish specific targets. My hope is to see that
19 the targets are used as a means for measuring future
20 progress of the NRC in accomplishing important tasks. In
21 establishing these targets I would like to get as much input
22 as possible, and I expect to see us address each of these
23 areas in some detail in the weeks and months ahead.

24 Some of the areas in which specific targets might
25 be developed relate to procedural or schedule matters such

1 as actions to assure that the licensing schedules are met,
2 streamlining the licensing process without impairing
3 protection of the public health and safety, reducing the
4 list of pending reactor requirements to manageable sets,
5 keeping track of compliance status requirements,
6 consolidation of NRC offices.

7 Others relate to specific programs such as safety
8 goal or safety goals, siting, the relationship of engineered
9 safety features and demographic and other features, waste
10 management, monitoring of operating plans, TMI-2 cleanup,
11 and interaction of NRC's Safety Research Program with the
12 activities of other agencies, other public and private
13 programs and our own regulatory efforts.

14 I believe that these areas are worthy of
15 substantial emphasis and I mention them today only to
16 indicate the thrust of possible Commission actions related
17 to the Commission's PPPG document and how these might
18 supplement the document as it exists today.

19 Inasmuch as the proposed fiscal year '83 and '84
20 budgets, which are the subject of today's meeting, were
21 prepared before I joined the Commission and because I have
22 had limited exposure to the budget complexities, I have
23 asked the EDO, the Executive Director for Operations, and
24 the Comptroller to present the budget on myself.

25 The EDO, Mr. William Dircks, will highlight the

1 budget related to the activities reporting to him, and then
2 the Comptroller, Mr. Len Barry, will highlight the budget
3 concerning the remainder of the Commission offices. In the
4 process I have asked each of them to delineate any
5 differences between the figures presented and the original
6 request from the individual offices, as well as the
7 rationale for such differences.

8 Since this session is intended to cover primarily
9 an overview of the entire budget, I would suggest that
10 questions be limited to those that will help in following
11 the presentation. We have a number of later budget sessions
12 scheduled during which there will be as much time as needed
13 for detailed questions and discussions. The EDO, the
14 Comptroller, and the directors of the respective offices
15 will be present for these future sessions as well as for
16 this session today.

17 Now I would like to turn to another matter related
18 to our proposed schedule. On Thursday, July 23, the
19 Commission has scheduled a budget markup meeting. The
20 meeting will involve fiscal Commission debate, final
21 Commission debate, and adoption of the detailed budget
22 recommendations to OMB for the President's consideration and
23 the development of necessary supporting rationale.

24 At the last meeting we raised the question as to
25 whether or not these should be open or closed and did not

1 take any action, but we would like to take some action
2 today. I would also note that should additional
3 deliberations prove necessary, time has been reserved for
4 further markup meetings on July 27th and 29th.

5 In order to proceed on the basis that I have
6 outlined here, we would need to take two votes with respect
7 to the meetings, one to close the meetings and the one to
8 hold the Thursday meeting on less than one week's notice of
9 all the matters on which the public is required to be
10 advised in the Sunshine Act.

11 I have asked our general counsel, Mr. Bickwit, to
12 identify the rationale for this proposal and lead us through
13 the mechanics of accomplishing the votes.

14 MR. BICKWIT: Mr. Chairman, with respect to the
15 first vote, the vote to close, my recommendation would be
16 that the case for confidentiality is compelling. In light
17 of the controversy which some of the Commission's
18 determinations in this area have produced and the court
19 order of the Federal District Court for the District of
20 Columbia in the Common Cause case, I think a few words as to
21 the rationale would be appropriate.

22 In the past, Commission markup meetings have
23 involved, for example, discussions of possible reactions of
24 foreign governments to proposed cuts in joint research
25 projects, evaluations of the performance of specific

1 Commission offices and officers, analyses of probable OMB
 2 and congressional reactions to particular levels of
 3 requested funding of other agencies and jointly funded or
 4 related projects, identification of areas where Commission
 5 regulatory activities will be adversely impacted by proposed
 6 budget cuts, and discussions of possible ways to structure
 7 the budget request to assure appropriations consistent with
 8 the Commission's preferred level of funding.

9 It seems very likely that similar discussions will
 10 be necessary in conjunction with the markup of this year's
 11 budget request. Maintaining confidentiality of these markup
 12 deliberations appears to me essential to prevent frustration
 13 of the Commission's future ability to formulate and obtain
 14 approval of budget recommendations on matters such as those
 15 just mentioned.

16 If the Commission is inclined to agree with that
 17 rationale, I would suggest that it now vote to close its
 18 markup meeting of July 23rd and all similar meetings held
 19 within 30 days of that meeting under Exemptions 9(b)(2) and
 20 (6) of the Sunshine Act.

21 At this point it would be necessary for three
 22 members of the Commission to vote "aye" in order to close
 23 those meetings.

24 CHAIRMAN PALLADINO: Is there a question?

25 COMMISSIONER BRADFORD: May I ask a question?

1 One, how does a markup budget meeting differ from the
2 meetings that the Court held that we could not close in the
3 Common Cause case?

4 MR. BICKWIT: I would say they are more akin to
5 strategy sessions. You are in the budget process of
6 necessity at arm's length with the Office of Management and
7 Budget. At the preliminary sessions you are getting
8 recommendations from the staff and asking questions of the
9 staff as to where the staff would stand with respect to
10 various aspects of the budget. But ultimately you will have
11 to meet to decide exactly what strategies to pursue with
12 respect to OMB.

13 This is more akin to the kind of thinking that
14 goes on in a contractual negotiation with an arm's length
15 negotiator, and for that reason I think it appears to me
16 that there would be a very distinct frustration of your
17 purpose in the budget process to open those meetings.

18 COMMISSIONER BRADFORD: My second question is do
19 you see a possibility of doing a more expedited review than
20 we have in the past of the transcripts of those sessions
21 with an eye toward releasing that which can be released?

22 MR. BICKWIT: I think so. I think as far as the
23 review of those transcripts is concerned, this year the
24 problem is formulating exactly where the line ought to be
25 drawn. Where there are exempt materials, where various

1 rationales other than the frustration of purpose rationale
2 are present and therefore justify continued withholding of
3 elements of the transcript, once those lines are drawn I
4 think it will be possible to move very expeditiously in the
5 future to disclose those transcripts.

6 COMMISSIONER BRADFORD: Because I gathered that
7 last year's budget deliberations have still not been
8 reviewed and released, and it would seem to me if we could
9 accomplish that process on a more expedited schedule so that
10 we were only withholding that which really needed to be
11 withheld, that would both improve our legal posture and also
12 be consistent with the Sunshine Act.

13 MR. BICKWIT: I think that's right. I should say
14 that the transcript of the original meeting has been
15 released but the markup session transcripts have not,
16 correct.

17 CHAIRMAN PALLADINO: Any other comment?

18 COMMISSIONER BRADFORD: No, I am perfectly
19 prepared to vote for closure of the markup sessions. I
20 would urge the understanding that we do move as quickly as
21 possible through the process of reviewing the transcripts
22 afterward to decide what it really is that needs to be
23 withheld and what it is that can be released.

24 CHAIRMAN PALLADINO: Okay. You are making that a
25 condition of the vote, or a suggestion?

1 COMMISSIONER BRADFORD: I would urge it, but I
2 would vote to close in any case.

3 CHAIRMAN PALLADINO: Are you prepared to vote?

4 All those in favor of closing the markup sessions,
5 indicate by saying "aye."

6 CHAIRMAN PALLADINO: Aye.

7 COMMISSIONER GILINSKY: Aye.

8 COMMISSIONER BRADFORD: Aye.

9 COMMISSIONER AHEARNE: Aye.

10 CHAIRMAN PALLADINO: Opposed?

11 (There was no response.)

12 CHAIRMAN PALLADINO: I guess there are none.

13 Okay, do you want to go to the second question?

14 MR. BICKWIT: Having made the decision to close
15 those meetings, the Commission is now able to complete the
16 notice of the first of those meetings required by the
17 Sunshine Act. On July 13th the Commission issued a notice
18 of that meeting, but an integral part of the notice, that
19 portion relating to whether the meeting would be open or
20 closed, was deferred. It was announced at that time that
21 the determination on that question would be made at a later
22 date.

23 The Commission has had to defer that determination
24 until today because of the court order noted earlier and the
25 need to evaluate the potential reach of that order. Because

1 of the deferral, the Commission now finds itself in a
2 situation where the portion of the notice relating to the
3 open or closed status of the meeting will be given less than
4 one week prior to the date on which it plans to hold the
5 meeting.

6 There will need, therefore, to be an additional
7 vote that that portion of the notice be issued less than one
8 week prior to the date of the meeting. My recommendation is
9 that this so-called short notice vote is justified because
10 the particular timing of the markup meeting is necessary to
11 assure a timely submission to OMB.

12 If the Commission concurs in that recommendation,
13 it should now vote "aye."

14 CHAIRMAN PALLADINO: Aye.

15 COMMISSIONER GILINSKY: Aye.

16 COMMISSIONER BRADFORD: Aye.

17 COMMISSIONER AHEARNE: Aye.

18 CHAIRMAN PALLADINO: I gather the vote was
19 unanimous.

20 I wonder if we now may proceed with the budget
21 presentation to be made by Mr. Dircks.

22 COMMISSIONER AHEARNE: Excuse me. I would just
23 like to say how delighted I was to hear you say all those
24 good words about the Commission.

25 MR. BICKWIT: The real test is whether you will

1 still be saying them at this time next year.

2 CHAIRMAN PALLADINO: We will have to see.

3 MR. DIRCKS: Let's see if the slide mechanism
4 works. Yes, it does work. We are starting off on a good
5 foot.

6 Could I have the second slide, please?

7 (Slide)

8 MR. DIRCKS: In order to get started on the fiscal
9 '83 proposals, I might call your attention to the two items
10 in the background. One was the fiscal year '81 rescission,
11 and the second was the fiscal '82. We called them unfunded
12 requirements. Since we put this together we did receive the
13 words of the House Committee markup, and that certainly will
14 affect our activity during '82 and will affect how we go
15 into '83.

16 I might mention on the fiscal '81 rescission that
17 we have a major item in there, the lingering problem of how
18 many more people we would have to reallocate into NRR and
19 ELD to cover our licensing commitments. We have checked now
20 with the House Committee, and they feel as though the
21 actions we have taken thus far since the hearing that we had
22 back last year on the '81 rescission will satisfy them.

23 We have essentially complied with the request of
24 the House Committee. We need to take no further action in
25 that regard.

1 COMMISSIONER BRADFORD: That's for FY '81?

2 MR. DIRCKS: '81. In '82, what we have there is
3 two major unfunded requirements, the most major being the
4 status of the breeder licensing program. We don't have any
5 idea yet how we are going to cope with that major problem.
6 We have some idea, I should correct myself, but I would
7 prefer to let our discussion of '82 go until we receive
8 definite word on how successful we are in making our answer
9 to the Congress for the restoration of '82 funds.

10 Once we get the '82 funding situation somewhat
11 nailed down, we would like to come back to the Commission to
12 talk about reprogramming actions.

13 COMMISSIONER BRADFORD: Did I understand correctly
14 that your list of unfunded requirements is not the \$23
15 million cut?

16 MR. DIRCKS: It now includes the \$23 million cut,
17 plus the problem of how to within that cut deal with the
18 breeder licensing program and also deal with the NRR
19 reallocation. So on top of the cut, we have to fund the
20 breeder and we have to also deal with the commitment that we
21 made to move approximately --

22 COMMISSIONER BRADFORD: I see. So actually there
23 should be a third bullet, minus \$23 million?

24 MR. DIRCKS: Yes. The initial way we have
25 calculated it out is that we now have an overhanging

1 deficit, so to speak. In '82 that comes up to around \$24
2 million of a shortfall.

3 COMMISSIONER BRADFORD: That is the NRB \$8.5
4 million shortfall on the recovery plan. Does that include
5 the extra \$5 million that the Appropriations Committee --

6 MR. DIRCKS: Yes. They moved \$5 million and I
7 think we were intended to move \$8.5 million.

8 COMMISSIONER BRADFORD: So the \$8.5 million does
9 not include the \$5 million?

10 MR. DIRCKS: It does.

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1 COMMISSIONER BRADFORD: You're still short \$8.5?

2 MR. DIRCKS: No. So, could we pass on to the '83
3 slide, now?

4 (de)

5 What we are asking for here is an approval of a
6 budget of \$537 million, and a staffing level of \$3414. This
7 should be compared with the OMB guidance letter that we got
8 back in March I believe that laid out a guidance level of
9 \$513 million, and the guidance level of \$3350 as far as
10 personnel goes. So we are approximately seven million over
11 the OMB guidance in March.

12 I think you should be aware of the fact that in
13 the guidance letter in March, OMB did caution us that since
14 the '83 budget would be the first budget put together by the
15 Reagan administration, they might come back and deal more
16 harshly with us than the \$530 million.

17 CHAIRMAN PALLADINO: What was the guidance letter?

18 MR. DIRCKS: \$3350. Now, the funding increase
19 from '82 to '83 as you see your chart is comprised of a
20 great deal of inflation; \$27 million for inflation, and \$9
21 million for program increases. It does not include set-
22 asides, and we are estimating that the set-asides in '83
23 will total 29 staff positions and \$26 million. Most of that
24 is related to the question of the breeder.

25 COMMISSIONER BRADFORD: The rest being the Bingham

1 Amendment?

2 MR. DIRCKS: Bingham, the integrated operations,
3 the reliability reporting system, some money in there for
4 Part 51 early site review on the gas-cooled -- oh, '84, I'm
5 sorry. That's about it.

6 COMMISSIONER BRADFORD: Is someone going to cite a
7 gas-cooled reactor?

8 MR. DIRCKS: We set it aside. We can deal with
9 that in '84. I would like to -- although '84 is in here
10 because we are obligated to submit a two-year authorization.

11 I would like to concentrate on '83 and the fiscal
12 '83 budget. The last item down there is any increases for
13 the Commission offices would have to be added to the 3414.
14 I am not addressing. Len will pick that up in his
15 discussion with you.

16 I think it is important -- I think OPE pointed out
17 -- that when we look at the request that we make and at all
18 of those requests to OMB and to the Congress, there has tra-
19 ditionally been reductions of seven, ten or 14% from what
20 the Commission proposes. So within your thinking on this
21 budget, you must realize that there will be reductions.

22 Now, I must also say that when we put this budget
23 together in making this proposal to the Commission, we have
24 not added anything in here as a cushion for those
25 reductions. This is a budget that we essentially tried to

1 put together on the basis of real program need and not a
2 safety net, so to speak.

3 The major increases in this budget in terms of
4 dollars are for NRR in the area of operator licensing, in
5 I&E for training facilities and in Research for post-TMI
6 emphasis, severe accident research, reactor engineering
7 systems reliability and analysis. In terms of dollar
8 decreases, the major dollar decreases are in NMSS for waste
9 management, the rationale there being that we tend to rely
10 more on DOE-generated data in our site evaluation program.
11 We are also living off uncosted obligations which I can get
12 into later on. We have funded contracts and those contracts
13 are still to be costed.

14 In the research area, LOCA and transient research,
15 going down -- not in '83, I'm sorry. In '84. Waste
16 management research is going down to some extent.
17 Safeguards research is going down.

18 In terms of staff years, the increases are
19 basically in NRR again, operating reactor amendments,
20 additional project managers, additional staff going into the
21 development of solutions to generic issues, and the
22 systematic safety evaluation program, but it does not
23 include Bingham. That is a set-aside in '83.

24 In I&E, the major regions for increases are the
25 PAT teams; two additional PAT teams, resident inspectors.

1 Then there are other staff increases scattered through the
2 comptroller's office, the EDO and administration.

3 The decreases in terms of staff years would be
4 some decreases in NRR for operating license reviews because
5 of the decrease in caseload. And in Inspection and
6 Enforcement, inspection of reactors under construction
7 because the reactors are moving into the operating phase.

8 MR. BARRY: That does go down a little bit in '83.

9 CHAIRMAN PALLADINO: Bill, I noticed in reviewing
10 the budget you had a significant drop in '83 in the case
11 workload.

12 MR. DIRCKS: Yes.

13 CHAIRMAN PALLADINO: Is it possible that our
14 workload may not drop off that rapidly in '83, especially in
15 view of the fact that we have a large gap in '82, and some
16 of that could carry over into '83?

17 MR. DIRCKS: It is possible, but the way we have
18 set up the resou. es -- and I'm sure there will be some
19 slippage -- the resources are based on the issuance of the
20 schedules outlined in the various Bevill reports. We have
21 established a pretty good record of issuance of the SER's
22 pretty much on schedule under the schedule we have outlined
23 to the Commission and to the committees. Where there could
24 be some slippage could occur in the hearing process, and
25 that reverberates back into staff demand.

1 But right now, it does look like we will be able
2 to achieve some reduction in the caseload area.

3 CHAIRMAN PALLADINO: Okay.

4 MR. DIRCKS: The next chart just has another
5 breakout of the dollars by functional areas.

6 (Slide.)

7 This is just another way of displaying the \$537
8 million that we are asking for.

9 COMMISSIONER AHEARNE: '82 is in '82 dollars and
10 '83 and '84 in '83 dollars?

11 MR. DIRCKS: That's the way it's been set up.

12 COMMISSIONER AHEARNE: '82 is in '82 dollars, and
13 '83 then has inflation added to it. And '84 does not have
14 inflation added.

15 CHAIRMAN PALLADINO: I see, '84 is in '83
16 dollars. Thank you.

17 MR. DIRCKS: I tried to point out, too, that it is
18 a substantial part of the increase from '82 to '83 that's
19 this inflationary impact. What I'd like to do now is to go
20 through the budget by dealing with the major programs.

21 The first program is a program of nuclear reactor
22 regulation. And as you pointed out, Mr. Chairman, we have
23 indicated in each one of these programs the request that
24 came into the Budget Review Committee by the offices, and we
25 have also indicated the amount that we are recommending to

1 the Commission for their approval.

2 NRR we are recommending a level of 743 staff years
3 and a total of about \$42 million. I will hit the highlights
4 of this budget and indicate where we have a difference, and
5 also, what we can achieve and what we can't achieve.

6 COMMISSIONER AHEARNE: The numbers that you show
7 for NRR assume the \$8 plus million in '82?

8 MR. DIRCKS: Yes, it does, that includes that.
9 And a major item that is excluded in this budget is the
10 discussion of the breeder.

11 COMMISSIONER BRADFORD: Is the what?

12 MR. DIRCKS: The breeder. That is a set-aside.
13 Operating reactors -- this includes major licensing actions,
14 safeguards and the project managers, I should say, the
15 project managers. And with this mark, we will achieve the
16 PPPG guidance. We have a project manager on each site, and
17 where you have a site with different reactors, you will have
18 a project manager on that site for each of the different
19 types of reactors.

20 What it will do on the downside is to essentially
21 stretch out the dealing with the backlog amendments.
22 Instead of achieving a reduction of this excess licensing
23 backlog in fiscal year '84, we will only be able to achieve
24 that goal in fiscal '86. That is essentially the difference
25 between what was asked for in terms of the office requests

1 versus the recommended mark we are making to the Commission.

2 CHAIRMAN PALLADINO: Can I ask you a question on
3 that, I'm not sure what that means. Does that mean we are
4 not going to be licensing or issuing operating licenses at a
5 rate?

6 MR. DIRCKS: No, these are in the area of
7 amendments to licenses.

8 CHAIRMAN PALLADINO: Not the licenses themselves?

9 MR. DIRCKS: This is a longstanding problem. I
10 don't know how many of these things are now in the
11 inventory; a couple of thousand, I guess. What we are
12 trying to do is work off the excess backlog, keep some in
13 the inventory but not allow the inventory to build up. We
14 will not be able to achieve this goal of controlling that
15 backlog of inventory until fiscal '86.

16 COMMISSIONER BRADFORD: Does this figure include
17 the shipping of 500 of those to I&E?

18 MR. DIRCKS: No.

19 COMMISSIONER BRADFORD: Is that contemplated?

20 CHAIRMAN PALLADINO: Is that already contemplated?

21 MR. DIRCKS: It is in this figure. That is, we
22 have calculated it in the inventory. It is calculated in
23 the stretch-out to '86.

24 Essentially, all we are talking about on the first
25 go-around is about 500 amendments, so it really doesn't make

1 too much of a dent into this problem. I think the
2 significance in dealing with those 500 amendments and
3 working them through the regional offices would be more in
4 terms of can we do it, and can we do it effectively, and is
5 it a better way of handling amendments, some types of
6 amendments. So it really doesn't make that much of a
7 difference. The 500 amendments in and of themselves don't
8 really make that much of a dent in this bigger problem of
9 working off the backlog.

10 But if we can really do it more effectively, then
11 we will come back and make some proposals to the Commission
12 about dealing with amendments as a routine matter, and
13 working the regions into the system more fully. So that's
14 sort of a yes and no. It's more of a method of dealing with
15 it than actually making a dent in the problem.

16 COMMISSIONER BRADFORD: But for purposes of the
17 FY83 budget, it's assumed that those 500 amendments,
18 together with all the others, are all still part of the NRR?

19 MR. DIRCKS: Yes. The next major category or
20 decision unit is the systematic safety evaluation of
21 operating reactors. That includes the SEP, that includes
22 NREP and IREP. It does not include that next step which is
23 compliance with the Bingham Amendment. And that is
24 essentially the three-people difference in the recommended
25 mark that we are making to the Commission between what the

1 office requests and what we are recommending. That is a
2 set-aside.

3 COMMISSIONER BRADFORD: And that would be what?
4 That would be extending the SEP to additional plants?

5 MR. DIRCKS: I think it is identifying the issues
6 that flow out of the SEP-IREP interim review, relating those
7 issues to the regulation, and then factoring that in. Then
8 relating the plant to the regulation. Harold, where are
9 you? Did I explain that correctly? Is that last step in
10 the process?

11 MR. DENTON: We complete the Phase 2 in '82
12 essentially, and then we are budgeted to begin Phase 3 and
13 complete a certain number of Phase 3's in '83 and '84 for
14 the next series of plants.

15 MR. DIRCKS: What is left out as far as setting
16 the Bingham Amendment aside? In this mark, you will be able
17 to do everything in the SEP, IREP and NREP reviews except
18 relating the complying with the comparison of the plant
19 against essentially the SRP, I guess.

20 MR. DENTON: That's right.

21 COMMISSIONER BRADFORD: So then, at the end of
22 FY83, there will still not be any conclusion as to how the
23 first 11 plants actually stack up against the revised SRP?

24 MR. DENTON: We will have before '83 knowledge on
25 how the first group of 11 stack up.

1 COMMISSIONER GILINSKY: The 11 reviews will be
2 completed?

3 MR. DENTON: Yes, 11 will be completed.

4 COMMISSIONER GILINSKY: When do you expect to have
5 those completed?

6 MR. DENTON: They start being completed in
7 September of this year, and then they are completed
8 throughout '82, and then Phase 3 would start i '83.

9 CHAIRMAN PALLADINO: What is involved in Phase 2
10 and Phase 3, roughly?

11 MR. DENTON: They are looking back at the older
12 plants issue by issue to see how close they come to meeting
13 today's standards, and then trying to decide on an
14 integrated, complete plant basis, whether or not there
15 should be any backfitting to require changes in plants.

16 We have completed literally hundreds of individual
17 topics on these older plants, but we have yet to wrap up an
18 entire look at a plant against today's standards, and that
19 would be done in '82. So in '82 we have a first shot. We
20 would have the first knowledge of how those 11 plants stack
21 up on a safety basis compared to today's standards.

22 And then Phase 3 was envisioned to move on, taking
23 what we have learned from those 11 to see what the next
24 group -- and I think we envisioned biting into 9 more plants
25 based on what we know today.

1 COMMISSIONER GILINSKY: Would you expect the next
2 set of reviews to take less time?

3 MR. DENTON: Yes, it should.

4 COMMISSIONER GILINSKY: It seems to have taken
5 about four years.

6 MR. DENTON: Since we started with the oldest
7 plants, the really old plants, they have the hardest
8 questions to face. And as we move into the newer plants,
9 they come closer to meeting today's standards.

10 COMMISSIONER GILINSKY: They are also more
11 complicated.

12 MR. DENTON: Yes, in some ways. We don't really
13 know the answers. It may be that the tough issues are tough
14 for a considerable number of them, and we won't know until
15 later this year.

16 MR. DIRCKS: But you are starting off with less
17 information with the old plant. For the newer plants you
18 have a great deal more documentation and a fresher memory.
19 In the older plants you are starting off with the PSAR's of
20 a very slim, skimpy nature.

21 Operator licensing -- with the suggested mark you
22 will be able to cover the new examiner, the new
23 examinations, requalifications, training certifications.
24 Also, the requalification of all operators using the
25 simulator. What it will not enable us to do -- and we are

1 suggesting that we go back and take a look at 10 CFR 55 and
2 instead of requalifying operators by use of the written
3 essay, oral type examination every year, we go back and do
4 that essentially once every five years; 20% instead of 100%
5 requalification essay/oral examination. But requalify them
6 all using the simulator.

7 COMMISSIONER GILINSKY: What is involved there?
8 What is the difference between the once a year and once
9 every five years?

10 MR. DIRCKS: I think we are talking about how many
11 people.

12 COMMISSIONER GILINSKY: When you said qualify on
13 the simulator, what does that involve? Is that with NRC
14 personnel involved?

15 MR. DIRCKS: Yes.

16 COMMISSIONER GILINSKY: And what does that mean,
17 specifically? Is that a test given by NRC?

18 MR. CORNELL: NRC or its contractors.

19 COMMISSIONER GILINSKY: And how long does that
20 take?

21 MR. DENTON: In SECY 333 it was proposed that in
22 addition to the licensee's doing all the requalifications,
23 that we also do it. And looking at the workload in '83,
24 there are probably 200 shifts of operators that would need
25 to be requalified. Some total like that. And I think that

1 we take about two days per shift, so it's about 800 man
2 days, if I got that right. Maybe 200 shifts of operators
3 would have to be re-examined.

4 COMMISSIONER GILINSKY: This is the entire
5 complement for the operating reactors?

6 MR. DENTON: That's right.

7 COMMISSIONER GILINSKY: I would think it would be
8 more than 200.

9 MR. DENTON: We were proposing to do only 20% or
10 so.

11 MR. DIRCKS: He's talking about the simulators.

12 MR. DENTON: Then maybe a dozen or so training
13 centers, and you divide it all up. And we would be at a
14 simulator or training center one or two months; a total of
15 one or two months of each year to conduct those tests. It
16 takes about two days per group of operators.

17 COMMISSIONER GILINSKY: I don't understand. Bill
18 says that you are recommending putting off the written exams
19 but holding with the simulator exams.

20 MR. DENTON: That's right.

21 COMMISSIONER GILINSKY: And the simulator exam is
22 a two-day exercise, during which the NRC people observe the
23 operator reactions?

24 MR. DENTON: Of a shift of employees, right.

25 COMMISSIONER GILINSKY: So we would be sticking

1 with that for all operators?

2 MR. DENTON: But we would not be giving the
3 individual -- preparing the exams and grading the exams to
4 every individual every year, as I think SECY 330 envisions.
5 And the difference between the office requests and the EDO
6 mark reflects that different approach.

7 So we would be giving orals and simulator to
8 everybody each year. But we would not be giving a written
9 exam but to about 20% of the total population each year to
10 individuals.

11 COMMISSIONER AHEARNE: Does the EDO mark of both
12 dollars and people correspond to that reduction?

13 MR. DENTON: Just the dollars.

14 COMMISSIONER AHEARNE: What is the people
15 reduction about?

16 MR. DENTON: That's operating licensers.

17 CHAIRMAN PALLADINO: Is it a matter of money or do
18 we not think we can come up with the examiners to do the
19 examining?

20 MR. DIRCKS: The latest word I think we have is a
21 combination of the two; that even if we had the slots, we
22 are finding it very difficult to hire the examiners.

23 COMMISSIONER GILINSKY: And we have talked about
24 the possibility of having industry examiners examining
25 utilities, in which they are not employed.

1 MR. DIRCKS: Yes, I think that's another reason
2 why we would like to make a suggestion that we give a
3 breathing spell on this requirement. I think what we have
4 to do -- as I have a session set up with Harold -- is to
5 look at some other ways of approaching this problem, and we
6 have talked about the sort of check-pilot approach that the
7 airlines use, using deputized pilots to administer sort of a
8 check exam.

9 There is also some work I think Harold's people
10 have done about using an audit type of system with
11 unannounced sort of audit, where every facility will be on
12 notice that they could be examined and then only 20% of the
13 facilities are hit. So everyone is sort of prepared to take
14 the exam.

15 I think what we are really saying is that we would
16 like to come back and explore with the Commission some
17 optional ways of getting these results maybe in a better
18 form.

19 CHAIRMAN PALLADINO: But Bill, are you making the
20 assumption that NRC would administer 20% of the annual exams
21 and the utilities would do the other 80%?

22 MR. DIRCKS: In this budget, essentially we are
23 covering the 20% that we would -- I don't think we are
24 making any assumption there about industry.

25 MR. DENTON: 10 CFR 55 requires that the licensees

1 have a periodic requalification program, and they would
2 still have to have their own requalification.

3 CHAIRMAN PALLADINO: Is that annual?

4 MR. DENTON: Yes, that has been annual
5 historically. So what we would do with our check is that
6 would be a layered, -- or we would check the adequacy of the
7 licensee's program directly through our audit of theirs, but
8 they would still have to do the retraining on any new
9 operating experience that has shown up in the last year, and
10 retraining for remote accidents that the operator may have
11 forgotten. So their program would have to be ongoing and
12 ours would be sort of the backstop on the adequacy of theirs.

13 CHAIRMAN PALLADINO: Thank you.

14 MR. DIRCKS: In the casework area, there is a
15 reduction, as much as we can figure right now, between '82
16 and '83, and I mention this one because of the drop-off of
17 operating license reviews.

18 This mark that we are recommending would enable us
19 to meet the schedules that the Commission has laid out to
20 the Congress. We are in this mark calculating the resource
21 needs based on the construction schedules that had been
22 submitted by the licensees. We were doing that in order to
23 comply with the Commission's directive.

24 COMMISSIONER BRADFORD: Let's see, when you say
25 the schedules the Commission has laid out, those are the

1 licensee schedules?

2 MR. DIRCKS: Yes.

3 COMMISSIONER BRADFORD: Essentially, the schedules
4 the Commission has been instructed by the Congress to lay
5 out?

6 MR. DIRCKS: Right.

7 COMMISSIONER BRADFORD: But they are not the
8 Commission's estimates of when these licenses will be due?

9 MR. DIRCKS: No, we are producing SER's based on
10 the estimated date of construction that has been provided by
11 the licensees.

12 CHAIRMAN PALLADINO: If those construction dates
13 slip and information is not available to the staff to
14 complete the SER's, you could be shifting some of this to
15 '83? That was my earlier question.

16 MR. DIRCKS: Yes, you could. What we are doing is
17 continuing to meet the SER's schedules that we have laid out
18 to you. Now, it is conceivable and probably likely that the
19 construction schedules will slip.

20 Now, it is up to the Commission how much cushion
21 you want to build in there, based on the estimates of the
22 hearing schedules. We have estimated what the whole process
23 is built on is essentially the 11-month schedule that the
24 Commission adopted as a planning guide. How secure that
25 schedule is I think we just have to see as we go through the

1 hearing process.

2 But right now what we are doing is producing -- we
3 are applying resources to achieve the SER date that we have
4 outlined to you and to the Congress.

5 COMMISSIONER BRADFORD: How many licenses does
6 that actually contemplate issuing in FY82 and in FY83? Do
7 you know?

8 MR. DENTON: I have the '82 number; it is 18,
9 which this agency has never succeeded in doing in the past,
10 so there is a very big workload.

11 COMMISSIONER BRADFORD: Any CP's?

12 MR. DENTON: That includes the CP's. The CP's
13 would be in addition to that. But the budget did reflect
14 the Pilgrim, Allen's Creek effort as well as the CP
15 schedules. But if you just count the licenses that need to
16 be issued on that schedule, that's true, it's a very large
17 number.

18 There will be some slippage in some plants; we
19 just don't know which plants at this early date. Once you
20 get to the end of the review, and the plant is nearly built,
21 then you can project which plants have slipped.

22 COMMISSIONER BRADFORD: Out of those 18 all
23 contested, do they all involve hearings?

24 MR. DENTON: No, I would say the great majority of
25 them do, but there are some that don't.

1 COMMISSIONER BRADFORD: You don't know the number
2 of '83?

3 MR. DENTON: We can count and give you that number
4 in a moment. The appropriations bill for '82 did ask that
5 we make our best estimates for hearing schedules for those
6 '83 plants. I think that's where the crunch may come. Some
7 of those '83 plants we are assuming an 11-month schedule
8 on. There are indications that may be too short, once we
9 really find out what the contest in that case is.

10 At the same time, I think we are counting on some
11 solution of some of those plants to give us some breathing
12 room.

13 MR. DIRCKS: While Harold is looking, we'll move
14 on to the safety technology unit. The mark does include
15 working on the schedule that we have indicated for
16 unresolved safety issues.

17 Generic risk issues -- it provides resources in
18 here for research, standards, coordination, regulatory
19 requirements, code analysis and maintenance. What it also
20 includes is picking up the priority 2 and 3 workload action
21 plan; priority 2 and 3 items and getting them back on
22 schedule in the '83 mark.

23 The '82 budget is in such a state of disarray
24 right now that we don't know what progress we could make on
25 these priority 2 and 3 until we have a better idea, once we

1 see what we get out of Congress.

2 COMMISSIONER BRADFORD: Let's see, that must also
3 mean that you don't really know how much you are going to
4 have to pick up in '83.

5 MR. DIRCKS: Yes.

6 COMMISSIONER BRADFORD: The priority 1 items you
7 think will be completed in '82 regardless?

8 MR. DIRCKS: They are built into the budget for
9 '81-82. So they are being worked on, they are unaffected by
10 this question right now. As far as we know, in the '82
11 program that is true, also. But again, '82 is in such an
12 area of cloudiness that we will just have to see where we
13 come out with the appeal that we are making.

14 COMMISSIONER AHEARNE: Can you say a few more
15 words? Essentially, you are doubling the dollars or going
16 up by two-thirds the people effort. Is this picking up
17 deferred work?

18 MR. DIRCKS: It is trying to get the program back
19 on the track that it had been previous to the reallocation
20 into the licensing effort.

21 COMMISSIONER AHEARNE: These are people you would
22 expect would be coming from other parts of, say, NRR, and
23 once the licensing recovering is over, they would be moving
24 back to this area so that you don't expect a large amount of
25 retraining?

1 MR. DIRCKS: No. I think what we're trying to do
2 is make use of those people coming out of casework into the
3 safety technology area.

4 The decision unit on TMI-2 cleanup is essentially
5 the same as '81. We expect some ability to keep the program
6 somewhat on track, and if we can pick up another staff
7 person, we will do it. When you deal with one or two staff
8 years, we just can't be that accurate.

9 Then there is again, in the management direction
10 and support area, we are essentially increasing to some
11 extent the number of people in this area, not agreeing with
12 the office request for additional funds in this area, I
13 think until we get a better definition of what the funds
14 would be used for. I think it's in the area of management
15 studies.

16 If we can move on, then, to the I&E -- .

17 COMMISSIONER BRADFORD: A couple of questions
18 before you do that. In order to get some feel for the
19 impact of the so-called licensing recovering effort on all
20 this, I guess what I need is, in the earlier column; that
21 is, the FY82 column, pre- the \$8.5 million and pre- the
22 licensing recovery fund, does anything like that exist?

23 MR. CORNELL: Yes, the budgeting submittal we sent
24 down had the pre-licensing recovery budget.

25 MR. DIRCKS: There is a chart in there.

1 COMMISSIONER BRADFORD: Do we also have the
2 planned accomplishments that go with these headings?

3 MR. DIRCKS: We probably have it in the backup.

4 MR. CORNELL: In '83 we have it; in '82 I'm not
5 sure.

6 MR. DIRCKS: We can get it for you.

7 MR. CORNELL: In '83 we have not done that since
8 we went to OMB last year.

9 COMMISSIONER BRADFORD: It was done as a part
10 the presentation to OMB, so that material does exist on
11 paper somewhere?

12 MR. DIRCKS: Oh, yes.

13 COMMISSIONER BRADFORD: I would like to get that.

14 MR. BARRY: It's also in the congressional
15 submission, the so-called Green Book.

16 COMMISSIONER BRADFORD: You've not done this in
17 the last week?

18 MR. CORNELL: No.

19 CHAIRMAN PALLADINO: Can I ask on the management
20 direction and support, you had zero dollars for '82 and now
21 you're going up to \$100,000. Could you just give me a clue
22 as to what it's going to be used for?

23 MR. DIRCKS: In the office request I believe they
24 wanted funds, I think it was for management study.

25 MR. DENTON: Mainly the resources. Since we have

1 gone to a matrix organization to help us decide between
2 project managers and technical branches and how to fine the
3 work, study the flow of management controls in a matrix
4 organization.

5 We don't know what that will cost, so we ended up
6 with a number and EDO has provided a smaller number. But we
7 think we would need such a study eventually to help us
8 improve the control in this matrix fashion..

9 ER. DIRCKS: I agree with Harold that we need some-
10 thing there, and I think we are just talking about the
11 amount and the type of study, and once we firm it up we can
12 start talking about funding.

13 The next program is the Inspection & Enforcement
14 Office.

15 (Slide.)

16 As you can see on this one, we basically agreed
17 with the request put in by Mr. Stello. He is very forceful
18 in his presentations.

19 The basic difference -- and it is scattered
20 through the proposal and there's really hardly any
21 difference in the amount that was requested and the amount
22 that we approved, and I can go through them if you want to.
23 But essentially, it is a program that will achieve the basic
24 objectives outlined in the PPPG and in the Commission-
25 approved program.

COMMISSIONER AHEARNE: Can you say a few words

1 about what was embedded in your recommendations with regard
2 to this particular nuclear data link?

3 MR. DIRCKS: I was afraid you were going to ask
4 that question. The nuclear data link -- what is embedded in
5 this is basically funding the program that we felt the
6 Commission had approved, following on the development of the
7 prototype. The planning now has been somewhat confused by
8 two factors.

9 One, the restrictions placed on the program in the
10 Udahl authorization, the development of the prototype, and
11 finally, the prohibition on spending any funds in '82 on
12 this program that has been laid down by the Bevil
13 Appropriations Subcommittee.

14 As you know, we are appealing that to the extent
15 we can to allow us to continue the prototype program at a
16 funding of one or 1.3 million dollars. Following that proto-
17 type development, the Commission has indicated it would make
18 a decision on its role in emergencies and the type of system
19 that is needed to assist it in its role.

20 Assuming that the Commission is going to come back
21 from where it had started out from, we are making a proposal
22 here that would continue the nuclear data link at
23 essentially to pickup essentially where we left off.

24 CHAIRMAN PALLADINO: Where is that? Is that
25 spread through several items?

1 MR. DIRCKS: It's covered under emergency
2 preparedness.

3 CHAIRMAN PALLADINO: Is that the five million?

4 MR. DIRCKS: We have \$4.8 million in fiscal '83.

5 MR. BARRY: There are other things in there
6 besides that.

7 MR. DIRCKS: \$4.8 million of the \$6 million is the
8 data link.

9 CHAIRMAN PALLADINO: Can I ask you another
10 question, it's probably naive, but I have to get familiar
11 with what is involved. On the first item, reactor
12 engineering construction, what is involved in the dollars
13 there? What sort of things are involved in those?

14 MR. DIRCKS: Let me just briefly review a couple
15 of elements in that whole reactor engineering and construc-
16 tion. That would include all the operating license inspec-
17 tions, LWA, pre-op, vendor inspections and environmental
18 qualifications inspections.

19 In here is funding for the environmental qualifi-
20 cation of safety-related equipment and support to the NDE
21 van, the non-destructive examination van. I don't have a
22 breakout of that \$1.8 million, and I think we could have
23 that somewhere.

24 MR. TRINER: There's a million dollars in
25 independent measurements and \$500,000 in environmental
qualification and non-destructive examination van.

1 CHAIRMAN PALLADINO: Thank you.

2 MR. DIRCKS: I can go through these major -- .

3 CHAIRMAN PALLADINO: I'm just trying to get a feel
4 for what some of these things might imply.

5 COMMISSIONER AHEARNE: Do you have any lawyers in
6 Vic's 1022?

7 MR. STELLO: None with degrees.

8 COMMISSIONER AHEARNE: There had been an issue at
9 various times of whether I&E should have its own complement
10 of lawyers.

11 CHAIRMAN PALLADINO: You resisted that?

12 MR. STELLO: Yes.

13 MR. DIRCKS: There has been resistance from other
14 quarters, too.

15 COMMISSIONER BRADFORD: I had the impression that
16 the resistance came primarily from I&E.

17 CHAIRMAN PALLADINO: Are you resistant to lawyers,
18 or are they resistant to you?

19 MR. STELLO: I hope it's some of both.

20 COMMISSIONER BRADFORD: There is a serious issue
21 involved here, and it doesn't show up just in Vic's
22 manpower. At some point where we discuss the ELD budget, we
23 do need a feel for whether in view of the demands that the
24 license recovery binder is making on ELD, that you all are
25 still getting adequate legal support, in your view, for the

1 enforcement actions.

2 MR. STELLO: I will address that now if you wish.
3 One indicator of how well we do is to watch our record of
4 how quickly we get our enforcement actions out. I have set
5 as a goal targets to shoot for to make sure enforcement
6 actions move pretty quickly. Thus far, we have been
7 averaging about 18 days from the time inspection report is
8 final to the time the report or enforcement action is taken,
9 whether it is a civil penalty or whatever, and that
10 obviously has highs and lows.

11 If we're issuing an order we take action even
12 before the inspection report comes out. If corrective
13 action is needed, if it a civil penalty, then we wait until
14 the report is out and take action. Thus far, we have not
15 run into any difficulties at all, and I have no reason to
16 believe that we will.

17 We have the commitment to keep our work on a high
18 priority and thus far I see no indication that that will
19 back off. And if it does, I will be shopping because I
20 think it does not meet our objectives if we have to take our
21 enforcement actions too far away from the time that the
22 violation took place. So everything we are doing is trying
23 to compress it, and so far, we've had full cooperation, and
24 I've had no indication that that will change.

25 MR. DIRCKS: There is an item in I&E dealing with

1 the training center. I think we have one million dollars in
2 there for the training center at TVA. We are still
3 requesting that amount of funds. This would enable us to
4 build on the TVA facility. It would be a very effective way
5 of getting a training facility of our own.

6 There is a question I think about the housing
7 accomodations for our people at the site. We are still
8 hoping that the housing accomodation problem can be worked
9 out and we will push on with the request for a million
10 dollar training facility.

11 CHAIRMAN PALLADINO: Where is that?

12 MR. DIRCKS: That is under regional administrative
13 support.

14 Under enforcement investigations and special
15 programs we are recommending that two additional PAT teams
16 be established. That would be about 11 people. That would
17 bring us up to seven PAT teams -- oh, five, I'm sorry.

18 COMMISSIONER AHEARNE: Do you intend to have those
19 with a regional distribution of people? Would the new teams
20 be here at headquarters, or is that too far away?

21 MR. STELLO: With the difficulty we are having, my
22 projection is we are only going to be able to get them
23 staffed if we rely on regional distribution. It is
24 extremely difficult to get someone to move to Washington.

25 Since the only hope I have that we will get there

1 is relying in large measure on getting a number in the
2 regions, we'll try to do whatever we can to get them at
3 headquarters, but I am not optimistic.

4 COMMISSIONER AHEARNE: Given that issue, sometime
5 ago, I guess several months ago, we had sent to OMB proposed
6 legislation for improvements in at least paying for transpor-
7 tation costs or moving expenses and so forth, particularly
8 focused on resident inspectors. Has there been any response
9 from OMB?

10 MR. BICKWIT: There have been some oral
11 responses. We will be coming out with a paper shortly to
12 advise you of those responses and recommend a course of
13 action.

14 COMMISSIONER AHEARNE: Vic, does your budget -- or
15 do you know whether the budget includes those kinds of costs
16 that we had worked out on paper?

17 MR. STELLO: The I&E budget does not. I don't
18 know if the Comptroller has any funds at all.

19 MR. DIRCKS: I'm going to dig it out for you
20 here. All right, let's move on to nuclear materials safety
21 and safeguards.

22 (Slide.)

23 Here, there is a slight difference between the
24 office and ourselves; so slight it is hardly worth
25 mentioning. I think they asked for 326 people and we

1 recommend 320. There's a difference of two million dollars
2 and that is in a set-aside that I will get into when I get
3 down the list.

4 The first decision unit is fuel cycle licensing.
5 That includes safety and environmental reviews of fuel cycle
6 licensing, including re-evaluation of existing regulations,
7 a point that John Davis is stressing. It provides resources
8 for the West Valley cleanup project, so essentially, there
9 is no disagreement between ourselves and the office on that
10 amount.

11 COMMISSIONER AHEARNE: Is there basic agreement
12 now between us and DOE on how much effort we will be putting
13 in on West Valley?

14 MR. DIRCKS: I think there is a basic agreement in
15 principle. We have to sit down and work out the words in a
16 memorandum of agreement. I think that is scheduled for
17 October. John?

18 MR. DAVIS: Yes, we have been working for sometime
19 with DOE to come up with a written memorandum of
20 understanding by law. It should be finished by the first of
21 October. We hope to have it somewhat in advance of that.
22 We have about two issues that we are dealing with at the
23 moment.

24 MR. DIRCKS: Transportation safety -- essentially,
25 that program continues but there's increased funding in

1 there for package review; cast review, package review.

2 COMMISSIONER AHEARNE: Where would it show up the
3 assumption in DOT's regulation on how much effort we will or
4 will not be putting out, based upon any kind of an
5 assumption we might make on whether DOT's regulation is
6 final and the review of such things as DOE packages?

7 MR. DIRCKS: That would be under the safeguards.

8 MR. DAVIS: It comes under safeguards
9 transportation approval in that particular area.

10 COMMISSIONER AHEARNE: And DOE packages?

11 MR. DAVIS: DOE packages are in the transportation
12 segment. We do assume in transportation section. We do
13 review DOE packages; however, we do not assume that DOT will
14 require that we review DOE packages. If DOT were to require
15 that, then we would either be at the point of backlogging
16 some DOE effort or we need some more resources in that area.

17 COMMISSIONER AHEARNE: Would that be substantial
18 or minor?

19 MR. DAVIS: It depends on the significance of the
20 review. The way it is right now, it looks as if we have
21 about six man years of DOE effort built into this. The
22 effort on DOE packages.

23 COMMISSIONER AHEARNE: And if DOE were to require
24 -- .

25 MR. DAVIS: If DOE were to require it, we would

1 have to -- it depends on the significance of them. I would
2 imagine that DOE would make some remarks about we may be
3 delaying some of their movement unless we can advance our
4 approval.

5 If that's true, then we would need more
6 resources. We would review our priorities for the licensing.

7 MR. DIRCKS: Materials licensing is essentially
8 the only area where we had a bit of difference between what
9 the office recommended and what we are recommending to the
10 Commission.

11 CHAIRMAN PALLADINO: That is a substantial
12 reduction.

13 MR. DIRCKS: It essentially deals with the
14 set-aside, and that is under 10 CFR Part 51, the proposed
15 environmental review. The account on environmental quality
16 issued its guidelines about a year and a half or two years
17 ago, and it dealt with exempting certain facilities from
18 NEPA reviews.

19 What NMSS had done, and the regulation was
20 proposed to the Commission, to comply with this EEQ
21 guidelines. In the meantime, NMSS had gone back to review
22 the sort of validity of those suggested exemptions, and
23 found out that there is some reasons to scale back the
24 number of facilities that would be brought in requiring the
25 full-scale NEPA reviews.

1 What we would like to do is firm up our proposals
2 in this area, consult with CEQ and come back to the
3 Commission with a proposal. That's why we are recommending
4 that four people and essentially two million dollars be with-
5 held from this budget while we go through this process. I
6 think John Davis is even more convinced today than he was
7 when we put this budget together that there is a possibility
8 here of saving four people and two million dollars.

9 John, do you want to expand on that?

10 MR. DAVIS: No, that's basically the situation.
11 We are fairly optimistic that this new information, -- the
12 new information is basically data from licensees which we
13 are now in the process of confirming, plus some new action
14 on contingency planning which we think will present a new
15 view of the environmental impact of these particular exempt
16 facilities.

17 MR. DIRCKS: Now, contained under this general
18 heading of materials licensing is the radiographer certifi-
19 cation program that we will be coming to the Commission with
20 very shortly. In the area of safeguards, essentially we are
21 talking about a slight reduction in terms of people from
22 fiscal '82 to fiscal '83. No real reduction of funds.

23 Included in there are the licensing reviews for
24 fuel cycle and reactor facilities; the coverage of the IAEA
25 agreement; threat assessment; development of regulations in

1 the safeguards areas; and there are three essential decision
2 units that we have lumped under safeguards, reactor fuel
3 cycle, transportation and export.

4 High level waste management -- .

5 COMMISSIONER AHEARNE: Wait a minute. To get back
6 to the question I asked previously, what are the assumptions
7 you are making under DOT regulations?

8 MR. DIRCKS: John?

9 MR. DAVIS: If the DOT regulation becomes
10 effective and if that means that we no longer approve
11 routes, then the reduction is shown from '82 to '83 in
12 manpower, about 21 to 19. There are other things that are
13 also included in that reduction, but the route approval is
14 backed up there.

15 MR. DIRCKS: I mentioned high level waste
16 management, and there is a reduction in funds from '82 to
17 '83. That includes development of review procedures,
18 regulations, tech guides, rate guides, site screening and
19 characterization reviews, and evaluation of the DOE R&D
20 program.

21 CHAIRMAN PALLADINO: I have a question on that. I
22 would expect our high level waste management activities to
23 increase. Why do you have a decrease?

24 MR. DIRCKS: We funded contracts through the
25 '81-82 period. I think what we are doing there is costing

1 out these contracts. We don't have to obligate additional
2 funds in '83; we are living off sort of a backlog.

3 COMMISSIONER BRADFORD: I think in part -- and
4 correct me if I'm wrong -- didn't the Commission give you
5 more than you asked for in this area last year?

6 MR. BARRY: Yes.

7 COMMISSIONER BRADFORD: And that is reflected in
8 the FY82 numbers, essentially?

9 MR. DIRCKS: We are living off that.

10 MR. CORNELL: The generosity of last year.

11 COMMISSIONER BRADFORD: But that does -- that
12 specifically does contemplate as one of the accomplishments
13 the issuance of the technical rule in final form?

14 MR. DIRCKS: Oh, yes. It includes maintaining the
15 program as scheduled. I think it includes receiving a site
16 development report or characterization report in fiscal 82.

17 COMMISSIONER BRADFORD: At that level of funding,
18 NRC stays off the critical path as far as the repositories?

19 MR. DIRCKS: Yes.

20 COMMISSIONER AHEARNE: How many characterization
21 reports does it assume in 83?

22 MR. DAVIS: Three, I believe, sir. Three over a
23 two-year period.

24 MR. DIRCKS: One in 82 and two in 83.

25 MR. DAVIS: Which we understand is the latest DOE

1 schedule.

2 COMMISSIONER AHEARNE: Does it have any money in
3 there for WHIPP?

4 MR. DAVIS: There's no money in here for WHIPP.

5 MR. DIRCKS: Low level waste management, again,
6 the proposed budget carries out the program as approved by
7 the Commission. In this, it also includes assistance to
8 agreement states. It anticipates an application for a low
9 level waste fight I think in fiscal 82. I think I had that
10 correct.

11 MR. DAVIS: Just a moment, I'll check.

12 MR. DIRCKS: The uranium recovery licensing
13 program -- .

14 MR. DAVIS: Yes, sir, it is in there.

15 MR. DIRCKS: Possible application in 82 for low
16 level waste.

17 CHAIRMAN PALLADINO: What is going on with regard
18 to low level waste management? In other words, is this the
19 amount necessary to take care of one application, or is
20 there more?

21 MR. DIRCKS: No, this includes the development of
22 rate guides, review procedures, licensing documents, tech
23 guides, assistance to agreement states. It's all lumped
24 into this one decision unit.

25 COMMISSIONER AHEARNE: Two amendments?

1 MR. DIRCKS: Yes.

2 COMMISSIONER AHEARNE: I realize this is not just
3 an NMSS question, but did you make any assumption about
4 anymore agreement states coming in in 83 or any current
5 agreement states going out?

6 MR. DIRCKS: I think there's a possibility of an
7 agreement state coming in. We haven't made any assumptions
8 about agreement states going out. Is that right?

9 MR. DAVIS: We have no assumptions either in or
10 out in our budget.

11 MR. CORNELL: If additional agreement states come
12 in, NMSS needs would go down and state programs needs would
13 go up. We really haven't made any assumptions along those
14 lines.

15 MR. DIRCKS: Uranium recovery licensing.
16 Essentially, staffing stays about the same. The program
17 dollars is essentially about the same, so there is no major
18 change in the uranium program.

19 COMMISSIONER GILINSKY: What is happening with
20 this idea of moving that activity out west somewhere?

21 MR. DIRCKS: That is contained in the 83 program.
22 We are moving along that line, and we would be coming up
23 with a proposal to you very shortly. I have seen a draft of
24 a paper on that, so it is coming.

25 COMMISSIONER GILINSKY: Is there something in the

1 budget?

2 MR. DIRCKS: There is no budgetary impact, so it
3 wouldn't be in here.

4 MR. CORNELL: Other than moving people and
5 household goods.

6 MR. DIRCKS: That would not have very much of an
7 impact.

8 COMMISSIONER GILINSKY: How big a move could that
9 be?

10 MR. DIRCKS: Forty, 43, 45 to start off.

11 COMMISSIONER GILINSKY: So the plan would be to
12 move existing units more or less intact?

13 MR. DIRCKS: Existing or new hires. Now, the last
14 of the program areas is Research.

15 (Slide.)

16 Now let me mention, the budget proposal is based
17 on the long-range research plan that Bob Minogue has
18 developed and transmitted to the Commission. It does not --
19 it has not factored in the ACRS recommendations, although
20 Bob Minogue has had the advantage of the ACRS comments. He
21 is aware of them and can discuss them.

22 CHAIRMAN PALLADINO: What is the problem following
23 the ACRS guidelines?

24 MR. DIRCKS: We didn't really get it until today.

25 CHAIRMAN PALLADINO: Oh, I see. I thought they

1 wanted a phase-out.

2 COMMISSIONER AHEARNE: And the LOFT issue they
3 raised a year ago.

4 MR. DIRCKS: But in the meantime, the Commission
5 had been aware of the ACRS recommendations and had developed
6 a LOFT program after hearing those recommendations, which is
7 essentially a program envisaging about 45.5 million dollars
8 for the LOFT.

9 COMMISSIONER AHEARNE: The big difference is that
10 we proposed phasing it out a year later than they did, and
11 going down to a maintenance level for a long time.

12 CHAIRMAN PALLADINO: What do we get -- why are we
13 not agreeing with the ACRS on the LOFT?

14 MR. DIRCKS: Let me turn to Bob, and he can tell
15 you about the LOFT.

16 MR. MINOGUE: In a sense, we both agree and
17 disagree. The problem with LOFT is that the cost of the
18 facility operations is very high. That means the cost of
19 the research results is high. As different people look at
20 this program to decide how best to wind it down, it has
21 completed much of its initial mission, and there are some
22 initial differences of opinion as to the value of residual
23 experiments compared to the value of other program elements.

24 Basically, what the Commission did was to
25 establish a LOFT special review group which was a broad

1 spectrum both within the agency and outside, that took a
2 very careful scope of the experiments planned through to an
3 end-of-life way off in the future, scrubbed it way down,
4 still not nearly as much as the ACRS would have scrubbed it
5 to. The end result that the Commission approved earlier
6 this year is about half-way between what the LOFT special
7 review group recommended and perhaps a little bit closer to
8 the LOFT special review group than what the ACRS recommended.

9 So basically, it comes down to a judgment all as
10 to where you turn the machine off. I think the ACRS
11 basically, as they look at relative priorities, feel that
12 the inherent cost of these results is so high they would
13 rather see the money spent somewhere else.

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1 COMMISSIONER AHEARNE: I think that is an
2 important point that Bob made. My sense from the ACRS very
3 strongly has been that it was to free up monies to be spent
4 in other areas, not just to cut the program.

5 COMMISSIONER BRADFORD: In other research areas.

6 COMMISSIONER AHEARNE: Yes.

7 COMMISSIONER BRADFORD: I guess it is not clear to
8 me that that is really what this budget does.

9 MR. MINGUE: But this budget does not do that.
10 We do not agree with the ACRS. We have come down with a
11 different judgment call that basically runs over about one
12 fiscal year of program. We would terminate the program
13 later than they, but we both agree that the program needs to
14 be wound down.

15 COMMISSIONER BRADFORD: But at the point at which
16 you do terminate it, do you then shift the funding into
17 other research areas or --

18 MR. CORNELL: If you look at the '84 number, it is
19 a combination. The research money does go down but not as
20 much as would be saved by cutting LOFT.

21 COMMISSIONER BRADFORD: What is the LOFT saving,
22 then?

23 MR. BARRY: In '84 LOFT goes down \$26 million and
24 the total budget comes back up from that loss about \$13
25 million, about half of it. Most of that is in research.

1 MR. MINOGUE: I think there is a long-term tail of
2 the dragon, though. Right now we are in a mode where much
3 of the work involves the operation of high cost facilities.
4 That is not necessarily true forever. So I think if you
5 look at the research budget long term, you ought to see a
6 taildown. Even though some of these resources will go into
7 other areas and are going into other areas, there still is
8 on top of that basically a real taildown because we are more
9 or less getting out of the mode of trying to be the sole
10 owners and operators of the very expensive facilities.

11 The emphasis now is on cooperative efforts where
12 these high capital costs are shared with other entities,
13 with common interests.

14 COMMISSIONER BRADFORD: Is it a fair statement
15 that roughly about 40 percent of the LOFT savings stays in
16 the research program?

17 MR. MINOGUE: I don't really think of it in those
18 terms. In a sense I think it all stays in, but we developed
19 the budget by working up these individual pieces. I didn't
20 start by assuming I had x dollars to play with and see how
21 it got distributed. We sat down, tried to look at the
22 program requirements and saw how that came out. Then we did
23 some scrubbing. But I think you could see correctly that in
24 the next year or so the monies that come out of LOFT are
25 being used in other areas because we are realizing economies

1 in LOFT even today.

2 COMMISSIONER AHEARNE: Another way to look at it
3 is the LOFT program drops by \$26,500,000, and the Research
4 budget drops by \$10 million; so one way of looking at it is
5 that there is a shift of \$16 million within other elements
6 of the Research budget.

7 MR. MINOGUE: We have other facilities. If you go
8 even more years into the future where we are facing the same
9 kind of discussion, BBF, the research utilization of ACRR,
10 are both going to involve the same kinds of questions. I
11 hope we don't get caught quite so flat-footed the next time
12 around. I hope we will do more advance planning.

13 COMMISSIONER BRADFORD: Flat-footed in the sense
14 of --

15 MR. MINOGUE: This issue was raised on LOFT
16 basically. The ACRS flagged this a year ago, and up until
17 that point I don't think the issue had been faced.

18 MR. DIRCKS: Let me mention where there are
19 significant differences but not disagreements between the
20 office request and the EDO-recommended budget. The biggest
21 amounts are in the advanced reactors. Essentially that is
22 it. That is the breeder question. Now, I mentioned the
23 breeder question earlier in NRR.

24 What we would like to do here is recommend to the
25 Commission that we hold the breeder aside and try to work

1 out some sort of an agreement with OMB and DOE regarding
2 what work is suitable for DOE to carry out and what work is
3 suitable for us to carry out. What information do we need
4 to do licensing action? What information do we want to
5 carry out some sort of a research program?

6 We have Denny Roth designated to pull together
7 across the agency lines a recommended list of items that we
8 should be working on, a recommended list of items that DOE
9 should be working on and doing work in essence for us at our
10 request. There have been a couple of meetings that Denny
11 has had with DOE people.

12 I think what we would like to do is to formalize
13 some of this and bring it back to the Commission for you to
14 review and then for us to pick up and discuss with OMB. I
15 think if this is a high priority Administration program, I
16 think we should be able to carry a case to OMB and get it
17 funded in '83 and not, as we have found ourselves doing in
18 '82, be faced with trying to fund it out of existing
19 resources.

20 COMMISSIONER AHEARNE: Now do you believe that you
21 can get it funded above the \$530 million mark?

22 MR. DIRCKS: We are going to give it a good try.
23 I think we can.

24 CHAIRMAN PALLADINO: Which item represents the
25 breeder?

1 MR. DIRCKS: Under advanced reactors.

2 CHAIRMAN PALLADINO: You are proposing?

3 MR. DIRCKS: That we hold that aside and allow us
4 to meet with DOE and OMB to work out a suitable sort of
5 division of work in this area.

6 CHAIRMAN PALLADINO: Could you get by with that
7 \$2.5 million?

8 MR. DIRCKS: No, we couldn't.

9 COMMISSIONER BRADFORD: If there is a project.

10 CHAIRMAN PALLADINO: If there is a project.

11 MR. DIRCKS: If there is a project. What I am
12 suggesting is that we move forward with the \$537 million and
13 carry the breeder as an outside-the-budget item as far as we
14 can go to OMB, and once we firm up our requirements, make a
15 special case that this be added to the \$537 million.

16 MR. BARRY: That \$2.5 million you see is EDO's
17 recommendation for gas, HTGR, so there is zero in there for
18 the breeder.

19 COMMISSIONER GILINSKY: To what extent do these
20 numbers represent specific tasks, or are they just
21 generalizations?

22 MR. DIRCKS: I think they started off as sort of a
23 pre-gross estimate. What has happened since we have been
24 putting this together is that Denny Ross has gone down and
25 delineated a work statement, what would be needed in this

1 agency to carry out a licensing review of the Clinch River
2 reactor.

3 COMMISSIONER GILINSKY: I am not even thinking of
4 that. Just any item, review of any category. At what point
5 in the budget process do we become specific about just what
6 is going to be done under that heading?

7 MR. DIRCKS: Do you mean in terms of adding
8 together tasks and coming up with a lump?

9 COMMISSIONER GILINSKY: Yes, taking any one of
10 them at random, oh, accident evaluation and mitigation. Is
11 that made up of a number of specific tasks or is it made up
12 of a just a number of headings? And I guess at this point
13 it is just a matter of intuition.

14 MR. DIRCKS: Well, I will let Bob pick it up, but
15 I think when you are dealing with something out two years,
16 it is going to be very hard.

17 COMMISSIONER GILINSKY: That is what I am asking.
18 I would like to know about the '82 budget. At what point do
19 we get specific about what goes under that heading?

20 MR. MINOGUE: Basically what you are looking at
21 there, most of it comes back to very specific tasks in the
22 sense that they are laid out in the long-range plan in terms
23 of the problem areas that would be addressed. Now, the
24 exact details of the program that addresses those, we are
25 right now in the process of trying to really lay that out in

1 some detail for '83 and for even the last part of '82.

2 COMMISSIONER GILINSKY: Could you take any one of
3 those categories and give me an example of the level of
4 detail?

5 MR. MINOGUE: I won't use LOFT because we just
6 discussed it, but take the next one on the list, accident
7 evaluation and mitigation. This is basically the program
8 that deals with severe fuel damage. Now, the fundamental
9 problem is the program as laid out is in long-range planning
10 by the group that looked at the degraded core cooling
11 question.

12 What we have done in the last month is to set up a
13 special planning group of people within NRC and the various
14 laboratories to try to look at the different facilities
15 available, determine the kinds of experimental work that
16 would be required to meet the needs, and lay out
17 fundamentally a matrix of program elements that would be
18 what this program would carry out over the next year.

19 COMMISSIONER GILINSKY: Could you take that and
20 give me what the subheadings are under that?

21 MR. MINOGUE: It is a report an inch thick.

22 COMMISSIONER GILINSKY: What is the level at which
23 you approve the project?

24 MR. MINOGUE: Even in terms of the broad program
25 planning, the level of approving is the thickness of the

1 long-range plan. It is a program with a lot of
2 sub-elements. There is no blanket "Here is x bucks, go
3 spend it on fuel damage work."

4 COMMISSIONER GILINSKY: Can you take any piece of
5 that and give me a feeling for the level of detail?

6 MR. MINOGUE: I talked this morning to staff in
7 terms of the approval, the one I am talking about, the fuel
8 damage work, and I said before you are through we will have
9 the walls of this room plastered with a matrix of
10 information needs and the specific details of individual
11 experiments. We will know exactly then what it is we are
12 approving.

13 COMMISSIONER GILINSKY: But this has been
14 approved, at least at this current stage. Now, what does it
15 look like when you approve it? You have looked down to what
16 sort of level?

17 MR. MINOGUE: At the level at which the general
18 funding levels were set up. It is the level of detail that
19 is in the long-range plan.

20 COMMISSIONER BRADFORD: Let me try. Don't you
21 have some more detailed set of listings than this that are
22 called planned accomplishments or something that you work
23 from?

24 MR. DIRCKS: Yes. At each level you are building
25 up more. We have, adding up the planned accomplishments, we

1 come up to a decision unit level. Then we add the decision
2 units to come up to the office.

3 COMMISSIONER BRADFORD: Aren't there a set of
4 planned accomplishments that go under the heading of
5 accident evaluation and mitigation?

6 MR. DIRCKS: Yes, in the long-range plan.

7 COMMISSIONER BRADFORD: And that is not unique to
8 the Office of Research.

9 MR. DIRCKS: No. Every office has -- you add up
10 the planned accomplishments and you assign to the extent
11 that you can two years from now what sort of level of effort
12 you want to put in, and then you multiply it out and come up
13 with a figure.

14 COMMISSIONER BRADFORD: But to follow what I
15 thought was Victor's thought for a moment, then when you
16 actually get the money from Congress, as you will for FY '82
17 shortly, do you then send down with those, with that list of
18 original planned accomplishments and make what will become
19 the real allocations?

20 MR. DIRCKS: We get a better feel as we get closer
21 to the year, but I don't think that we apportion on the
22 basis of planned accomplishments.

23 MR. MINOGUE: You may have to make allocation
24 before you hear back from Congress. We may have to decide
25 today whether to order replacement fuel for a test scheduled

1 for two years from now and things like that. There are long
2 lead times in fabrication. This is more like running a big
3 construction project in that sense. As you do it, there is
4 an overlay that you don't find in other parts of the
5 program, which is basically business operations. We were in
6 effect making estimates of what various estimates will
7 cost.

8 We always try to cut the best deal we can. We try
9 to plan the problem in a way that keeps the cost down.
10 There is a constant reassessment of program elements to
11 assure that they are relevant. You don't want to spend the
12 money on stuff that is not going to be relevant. There is a
13 constant feedback that results as they develop, so you are
14 constantly refining a program like this, always trying to
15 keep the cost down.

16 As we go on from month to month, many of these
17 figures shift around, reflecting this effort to be
18 businesslike in the operation of the program.

19 COMMISSIONER BRADFORD: If I understood Victor's
20 question correctly, or in any case, my own question, it is
21 probably no well-served by taking this particular decision
22 unit as an example. If one is trying to get a feel for how
23 the budget is built up and when the specific allocations are
24 made among the subcategories, we probably need one where
25 there isn't this sort of commitment at construction or what

1 have you that winds up driving it over a long period of time.

2 MR. MINOGUE: Yes. Some other elements of the
3 program are more like tech assistants.

4 MR. BARRY: When we submit our budget to OMB and
5 also submit it to Congress, you are going to find planned
6 accomplishments -- planned achievements is what we call them
7 -- rather discrete, where you can get down, for example, in
8 Harold's area, and we can tell you how many OLS we are going
9 to issue and so on and so forth.

10 When you get to Bob's area they go from reasonably
11 precise in the sense that he can tell you how many LOFT
12 tests he plans, to where in some of the areas it gets a
13 little more abstract because of the nature of the research,
14 where he is going to do an effort to learn something but he
15 can't tell you precisely how many tests he will run and so
16 on. So it goes from a rather precise planned achievement
17 which we can identify for you in our submission, and in fact
18 that is the way the staff submitted their budget to us, in
19 terms of planned achievements.

20 CHAIRMAN PALLADINO: These planned achievements do
21 include problem areas in which you are going to carry on a
22 piece of research.

23 MR. MINOGUE: A good example of the two ends of
24 the spectrum is that the LOFT test is one end and there we
25 have a very definitive list of tests, detailed test

1 schedules and that sort of thing; at the other end is where
2 we are basically trying to support the work that Hanauer is
3 doing dealing with some of the human factors, where there in
4 effect we are sitting down with the licensing people and
5 trying to work out where there might be problem areas, where
6 there are uncertainties, where there is much more of an
7 element of taking a stab in the dark, and some very rough
8 estimates of the level of effort that might be needed to
9 resolve some of these questions. Those are almost at the
10 opposite ends of the spectrum.

11 I think the hardest part of the program in terms
12 of definitive commitments is LOFT, and probably the softest
13 is the human factors area.

14 COMMISSIONER GILINSKY: At what point do you
15 identify contractors?

16 MR. MINOGUE: The contractors in this work to a
17 large extent are the national labs. They are identified
18 primarily by trying to decide amongst the various national
19 labs where the best center of expertise lies to deal with a
20 particular issue.

21 COMMISSIONER GILINSKY: Is that because it is the
22 best place for it to go or because it is a lot easier to
23 contract with that?

24 MR. MINOGUE: Both the diversity of skills that
25 are available and the ease of handling some of the

1 contracting problems really pushes you towards going to the
2 national labs. My predecessors found this and I am finding
3 the same thing. It is very difficult to deal with some of
4 these issues, both with the breadth of skills and the
5 contracting. They both push you in the same direction.

6 Now, we do negotiate with these national labs.
7 They have all agreed to operate on this basis in the period
8 of setting up the program assumption letters, which are
9 going out right now for '82. It will basically hammer out a
10 contract for fiscal '82 with each of these national labs
11 that will contain within it a lot of very definitive
12 milestones and planned accomplishments and things of that
13 type.

14 COMMISSIONER GILINSKY: What fraction of the
15 expenditures go to the national labs?

16 MR. MINOGUE: I believe it is about 85 percent, 83
17 percent.

18 MR. BARRY: That is true for the whole agency.
19 About 84 percent go out to the national labs, 15 percent go
20 out on contracts.

21 MR. MINOGUE: It is a combination. I should have
22 added in my diversity of skills it is the availability of
23 hardware. In the national labs there are facilities that
24 are available that others have paid for that we can
25 piggyback on, so that is another factor.

1 COMMISSIONER GILINSKY: How long does it take to
2 put a contract out which does not go out to them, to the
3 national labs?

4 MR. BARRY: A long time.

5 MR. MINOGUE: I am sure at best it is between six
6 months and a year.

7 MR. CORNELL: A year to a year and a half. It
8 depends on where you start the clock. It takes a whole for
9 Research to put the contract together, and they have to go
10 to the Office of Contracts and get it out. So it depends on
11 where you want to start. I have seen contracts done in six
12 months and I have seen them take a year and a half.

13 COMMISSIONER GILINSKY: Do we have any work on
14 health effects of radiation?

15 MR. MINOGUE: The health effects work is one of
16 the areas. It was small in any event, and it has been cut
17 even further, the budgetary constraints and the fact that
18 this is not basically a health research agency. We are now
19 looking to get this kind of information more from Health,
20 Education and Welfare and DOE.

21 COMMISSIONER GILINSKY: What is the level of --

22 MR. MINOGUE: The health effects work I believe is
23 something like \$2 million, \$3 million. That would be work
24 primarily oriented toward forms of exposure, isotopic forms,
25 unique things that NRC regulates. The idea of using broad

1 research --

2 COMMISSIONER GILINSKY: I was a little surprised
3 that we were talking the other day about the Hiroshima and
4 Nagasaki data, which is being looked at again. As I
5 remember, there was not any NRC participation in that nor
6 did there seem to be any NRC interest.

7 MR. MINOGUE: But there is a great deal of NRC
8 interest.

9 COMMISSIONER GILINSKY: But I mean interest in
10 participating. I take it that means interest in the
11 outcome. But it seems to me that to understand a
12 complicated problem like that, one really has to be involved
13 in the discussions and to really participate.

14 MR. MINOGUE: This is a very legitimate question
15 to bring up in this context. I had discussions on this with
16 Phil Dircks. It is a real choice that the agency has to
17 face. We can try to work with what used to be the
18 Fredrickson committee -- and I don't remember the gentleman
19 that has taken it over -- and try to be effective in making
20 sure that our research needs are met by the health-oriented
21 agencies, or we can try to do more work in that area and
22 sort of maintain a presence.

23 We really have made a conscious decision, given
24 the budgetary constraints, not to take the second track but
25 to rely on the committee.

1 COMMISSIONER GILINSKY: I want to look into that
2 problem and talk to the people who worked on it more. It
3 seems to me that is when we really ought to have a
4 presence. I don't think it is our responsibility to develop
5 the answer, but I think it is our responsibility.

6 MR. MINOGUE: That sweeps you into the area of
7 dosimetry and epidemiological studies. At no point in the
8 history of --

9 COMMISSIONER GILINSKY: I was surprised at the
10 extent to which we rely on the Hiroshima and Nagasaki data
11 for estimating the health effects of radiation.

12 MR. MINOGUE: It is an important component but is
13 not by any means the only component.

14 COMMISSIONER GILINSKY: It seems to me a very
15 important component.

16 MR. MINOGUE: I would not agree with that. I
17 think it is an important component, but it is not by any
18 means dominant. There are people who have put words in our
19 mouth over the years and have said that it is the dominant
20 component. That is simply not factual. A lot of the work
21 is based on laboratory tests with various animals and
22 studies of interactions of radiation with tissue and things
23 like that. The epidemiologic work from the victims of the
24 bomb shots in the second world war is at no point the major
25 factor.

1 COMMISSIONER GILINSKY: What about the work on
2 effects of radiation on humans?

3 MR. MINOGUE: There is a registry of transuranic
4 workers. There was a feasibility study done a few years ago
5 by the old Office of Standards to try to look at the worker
6 populations of other NRC licensees to do work with lower
7 levels of exposure. Basically the epidemiological work that
8 reliance is placed on has been the high levels of exposure
9 in the transuranic worker registry.

10 What I am really saying is the epidemiological
11 data base is quite limited. That is why there has been so
12 much reliance put on other work.

13 CHAIRMAN PALLADINO: May I make a suggestion? I
14 think we are getting into quite a bit of detail. I don't
15 want to stop the discussion, but I think maybe in the
16 interest of completing the overview, we might postpone that
17 and pick that up tomorrow. I think you will have a lot more
18 time to go into that, if that is satisfactory.

19 MR. DIRCKS: The other area that I might call your
20 attention to is the systems and reliability analysis. Under
21 that decision unit heading is the risk methodology data
22 analysis work which is going on, reliability risk analysis,
23 transportation risk analysis. Included under this -- or
24 excluded from under this is a set-aside on the event
25 reporting system, which is an effort that Research and

1 Standards has ongoing, also requiring an effort on the part
2 of Carl Michaelson.

3 There have been some difficulties in putting this
4 together. We are suggesting that we hold it aside for
5 further discussion as to where you want to go on this.

6 COMMISSIONER GILINSKY: Can I ask about this
7 category? Is that primarily contract work or is that work
8 that is also being done in-house?

9 MR. DIRCKS: I will let Bob answer that, but I
10 think it includes both.

11 MR. MINOGUE: This would be both, that's right. I
12 think the matter has in fact been resolved. What we are
13 talking about here is a system, the formulation of a system
14 to collect reliability data and the collection and analysis
15 of that data to be done partly in-house and partly out of
16 house.

17 COMMISSIONER GILINSKY: I am talking about the
18 entire category, systems and reliability analysis.

19 MR. MINOGUE: That work is largely on contract
20 work. It is the risk assessment work. Again, largely to
21 various national labs.

22 If I may, I think that the set aside has been
23 resolved in the sense that Michaelson has had some very good
24 discussions with INPO and it now appears that they are
25 prepared to commit to collecting the kinds -- developing the

1 protocol to collect and collect and analyze the kind of data
2 we are talking about. I think that the need for this item
3 has disappeared just in the last few days.

4 MR. DIRCKS: Moving on to the next slide.

5 (Slide)

6 COMMISSIONER GILINSKY: What is the technical
7 assistance? Is that something here or do the labs own it?

8 MR. DIRCKS: The equipment category in the
9 Research budget?

10 MR. SCROGGINS: This is equipment related to test
11 facilities, data acquisition systems, those things defined
12 as related capital equipment by DOE in the national
13 laboratories. It is the specific classification of
14 equipment which is non-expendable.

15 MR. DIRCKS: That is dedicated to our work.

16 CHAIRMAN PALLADINO: This is equipment we paid for?

17 MR. DIRCKS: Yes.

18 CHAIRMAN PALLADINO: And this is what is we are
19 going to pay for --

20 MR. DIRCKS: Under the equipment category.

21 MR. BARRY: It is directly related to program
22 support, not equipment that we use internally here, and the
23 reason we separated it is because OMB has always insisted on
24 us identifying a specific line item, how much is capital
25 equipment. We do not take title to it.

1 CHAIRMAN PALLADINO: Who owns it?

2 MR. BARRY: DOE.

3 Now, if we can reuse it from one project to the
4 next, we have the first call on it. For instance, if there
5 was something salvageable, then we could use it in another
6 experiment. We could then take equipment --

7 CHAIRMAN PALLADINO: So in a sense we have a claim
8 on it?

9 MR. MINOGUE: Some of the big things, the big
10 hardware things like pumps we do take title to because they
11 can be reused in other facilities, but this is more things
12 like oscilloscopes and things like that.

13 MR. DIRCKS: The next slide essentially breaks
14 down headquarters, administrative support, budget.
15 Essentially let me remark that the major difference is in
16 the rental of space going up by an estimated \$2 million
17 there because of the general increase in rentals, and it
18 also takes into consideration any interim consolidation we
19 are able to achieve. Telecommunications --

20 CHAIRMAN PALLADINO: Is the cost of an interim
21 consolidation included in there?

22 MR. DIRCKS: Yes, it would be included in there.

23 Telecommunications are going up strictly because
24 of inflationary impact. The rates have gone up and we have
25 to pay the rates.

1 CHAIRMAN PALLADINO: Excuse me. The rental of
2 space, does that include the cost of the move if we have one?

3 MR. BARRY: That is just the rental cost. Other
4 costs are in some of the other line items.

5 MR. DIRCKS: Whatever the cost is, we are able to
6 cover it.

7 MR. BARRY: If we move from Bethesda here, you are
8 talking about 7.5 per square foot versus 13.5 per square
9 foot.

10 CHAIRMAN PALLADINO: Thank you. I'm sorry.

11 MR. DIRCKS: There is a decrease in here estimated
12 due to the decrease of guard service as a result of any
13 interim consolidation we are able to achieve of a \$400,000
14 decrease.

15 The other item mentioned is the security
16 investigation. The total goes up considerably. We are
17 trying to look into ways of reducing this item by
18 questioning the need for reinvestigations of personnel,
19 questioning the need for clearance on all employees as
20 opposed to selected employees.

21 There are other options we would like to explore
22 to reduce this.

23 CHAIRMAN PALLADINO: Why is it going up?

24 MR. DIRCKS: Because we are being charged more.

25 COMMISSIONER AHEARNE: These are monies that we

1 have transferred?

2 MR. DIRCKS: Transferred to other agencies. What
3 we are trying to do is look into ways of reducing it by
4 reducing the number of people that we clear. On the final
5 chart or almost final chart, this is a summary of the
6 offices reporting to the EDO. Those are the staff offices.

7 (Slide)

8 COMMISSIONER GILINSKY: On the training item, do
9 you have any figures on how many people that you train?

10 MR. DIRCKS: I think we do.

11 MR. BARRY: You mean over the course of a year?

12 MR. CORNELL: It is distributed through the
13 offices themselves and it can go back up again.

14 MR. DONOGHUE: There is group training. All
15 together around 1000 people take one type of training or
16 other during the course of the year. Some of this is
17 training for how to develop critical elements, through
18 sexual harrassment.

19 COMMISSIONER GILINSKY: That sounds like -- No, I
20 mean more I&E training. This is not included here?

21 MR. BARRY: That is in I&E.

22 CHAIRMAN PALLADINO: I didn't know you needed
23 training in sex harrassment.

24 MR. DONNELLY: I can get you some numbers on IE
25 training, but I don't have any with me.

1 MR. DIRCKS: Essentially in this EDO staff budget
2 it is a level program. What we are doing essentially is
3 paying back some offices as a result of the '81 movement of
4 personnel on slots. ELD is actually decreasing somewhat
5 because we had to allow them to go over the ceiling in
6 fiscal '81 to work off that licensing case work review, and
7 we intend to bring them back down to 114 in fiscal '82.

8 CHAIRMAN PALLADINO: It is 114 now?

9 MR. DIRCKS: Yes, and over ceiling. We allowed
10 them to do that because they have such a high rate of
11 attrition that we didn't want to increase the ceiling,
12 essentially because it was a temporary problem that we could
13 work off. I don't know if you have any questions on this
14 one or not. We can move on to the final chart.

15 (Chart)

16 I have outlined here a couple of points, the
17 deviations from the PPPG. One deviation is the statement in
18 there, proceeding with standardization in NRR.

19 Kevin, why don't you explain what that issue is?

20 MR. CORNELL: The only problem there is the PQG
21 said that the staff should submit a plan by the end of FY
22 '82. That date had not appeared in earlier drafts. There
23 was only a couple of staff years when we put this budget
24 together. We didn't get the PQG until about a week or two
25 weeks ago. What it will mean is probably more likely

1 reprogramming in FY '82. It has to do with when the staff
2 is supposed to come up with the plan, but the data only
3 appeared recently.

4 MR. DIRCKS: In the area of low level waste
5 disposal applications, the PQG forecasted six. We are
6 forecasting four. You are forecasting six?

7 MR. CORNELL: Yes.

8 MR. DAVIS: What this amounts to is a slippage
9 from what is originally forecasted in '82 into this budget
10 period. It is not any more applications, it is just that
11 the time period is different.

12 MR. DIRCKS: The final item there is the
13 transuranic waste disposal licensing. That is hinged to
14 some extent on licensing. There has been no legislation so
15 we anticipate no licensing in this area until some changes
16 are made.

17 I mentioned the modification of current policy
18 that deals with the Priority 2 and 3 action items in fiscal
19 '82, and I think we have to come back to that item once we
20 see where we come out on fiscal '82. I mentioned the
21 written and oral examinations of the reactor operators and
22 stretching that out from one to five years, the 20 percent
23 figure; and in the set asides I mentioned the Clinch River
24 breeder reactor that we have to deal with DOE and OMB on,
25 the Bingham Amendment, the HTGR early site reviews. That

1 occurs in '84. We are representing a set aside in '84. We
2 just don't see an application arriving.

3 Bob Minogue covered the event reporting system,
4 and we will get into that tomorrow when we come back to it.

5 The environmental assessment Part 51 requirement,
6 we covered that with John Davis, and that is an issue that
7 we want to bring back to the Commission once we go through
8 this review.

9 CHAIRMAN PALLADINO: Do I understand set asides
10 correctly? These are items that you did not include in the
11 budget --

12 MR. DIRCKS: We did not include in the budget.

13 CHAIRMAN PALLADINO: -- but are pertinent for
14 discussion. You are really tossing it back to the
15 Commissioners as to what we would like to do about it? Is
16 that a fair assessment?

17 MR. DIRCKS: Yes.

18 COMMISSIONER AHEARNE: Although in most of the
19 cases we have a recommendation.

20 CHAIRMAN PALLADINO: I didn't mean it was a
21 frivolous thing.

22 MR. DIRCKS: I have a recommendation. I would like
23 approval from the Commission on that recommendation. I
24 think the biggest item there is the Clinch River breeder
25 reactor.

1 CHAIRMAN PALLADINO: Are we going to go over these
2 in some detail tomorrow?

3 MR. DIRCKS: We will come back to them, yes.

4 CHAIRMAN PALLADINO: Good, because I don't have a
5 good feel for what is involved.

6 COMMISSIONER BRADFORD: Just as a matter of
7 technique, why do you list the analysis of plant data under
8 a set aside rather than a deviation from the PPPG, given
9 that the PPPG said that we were to use operating experience
10 as a major source of information?

11 MR. DIRCKS: Which one now? Where is that? Oh,
12 that is the IOERS system that was taking a look at the
13 MPRDS, the LER system, and combining them. There was a good
14 deal of confusion on how we should handle that, and really I
15 think what we were bringing to the Commission was a
16 problem. Bob Minogue just mentioned that he believed that
17 problem has gone away in the past couple of days, and he
18 will be prepared to discuss that with you tomorrow.

19 This is not the whole Michaelson group operational
20 data. That program is all right.

21 COMMISSIONER BRADFORD: No, I understand that it
22 is not the Michaelson program.

23 MR. CORNELL: I think our feeling was that this
24 program should go forward. We were not clear when we put
25 the budget together exactly what the level of funding should

1 be. The office came in with a level of funding of two staff
2 years and \$2 million. On first review it appears that that
3 is too low, that it should be higher, and now what Bob is
4 saying is that we have gotten the industry to do a good bit
5 of it, so maybe what we need is lower than originally
6 forecast.

7 MR. DIRCKS: This is something Dennis Wilkinson
8 been working on in conjunction with Bob, and we can go
9 into that in a little more detail tomorrow.

10 COMMISSIONER GILINSKY: By the way, does
11 Michaelson have any contract money?

12 MR. DIRCKS: Yes, he does.

13 MR. BARRY: This year or in '83? In '83 he has
14 \$1.8 million.

15 MR. DIRCKS: Let me just summarize. We feel that
16 the proposal we have made is generally consistent with the
17 PQG. The licensing program is in general accordance with
18 the Bevill schedules that we have been submitting. The
19 resources to eliminate the excess reactor licensing backlog
20 is in the budget, but that backlog won't be reduced until
21 fiscal '86.

22 We have increased the project managers in NRR in
23 accordance with the NPQG. We have increased the resident
24 inspectors commensurate with the increasing operating
25 reactor sites. The technical training facility is in there

1 for the TVA location. We generally feel that the NMSS
2 programs have been adequately supported.

3 The research program is in general conformance
4 with the long-range research plan that Bob Minogue put
5 together and discussed with the Commission. Interim
6 consolidation is included in this budget proposal, and we
7 have, although there is no budgetary impact, there is a plan
8 to move ahead with the regionalization of the uranium
9 recovery program, and we will bring that to the Commission
10 as a separate item.

11 That basically covers the overview in as much
12 detail as we have this afternoon.

13 CHAIRMAN PALLADINO: Thank you.

14 Any other questions for Bill?

15 COMMISSIONER BRADFORD: I do have some questions
16 but they will keep.

17 CHAIRMAN PALLADINO: We have another session
18 tomorrow afternoon, I believe, in which we will continue the
19 discussions.

20 Len, would you like to say anything?

21 MR. BARRY: Mr. Chairman, I would like to suggest
22 that in the Commission office portion of the budget, which
23 is not all that much, I have sent each one of you, and I
24 have more copies here today, a rather succinct package. It
25 is a summary with my comments concerning each office. The

1 dollar portion of it is really insignificant because your
2 Commission offices just don't use that much. It is really
3 one of people.

4 And I don't believe that you have all of your
5 Commission office directors here today. I see Sam and I see,
6 of course, the general counsel is here, but I wonder if it
7 would be better to schedule 30 minutes tomorrow with the
8 directors here so they can tell you what their problem is
9 and why, and then I think anything else I could add other
10 than what I have told you on here would be better said in
11 the markup session because it has to do with OMB and the
12 Hill and so on and so forth.

13 CHAIRMAN PALLADINO: Did you say that came out
14 today? Is this the same?

15 MR. BARRY: That is the same as what you have
16 right there. It has been submitted to each of you but I
17 have more copies here.

18 CHAIRMAN PALLADINO: Are there comments attached
19 to that?

20 MR. BARRY: Yes.

21 CHAIRMAN PALLADINO: Are they more succinct?

22 MR. BARRY: Well, I also sent you a copy of the
23 budgets that were submitted to myself, and that is about
24 that thick.

25 MR. CORNELL: His comments are the last attachment

1 there.

2 MR. BARRY: I'm sorry, yes. There they are. You
3 are looking at them right now. That is my portion of it,
4 just that Attachment 2.

5 CHAIRMAN PALLADINO: All right. I think that is a
6 good suggestion. The fact that these people are not here.

7 MR. BARRY: Maybe we could set it up tomorrow to
8 have the Commission directors be here at a certain time.

9 CHAIRMAN PALLADINO: What is our schedule for
10 tomorrow?

11 MR. CHILK: We start at 2 o'clock.

12 MR. BARRY: We could cover that and not tie up all
13 these people.

14 CHAIRMAN PALLADINO: Is that agreeable?

15 Is there anything else that should come up before
16 the Commission this afternoon?

17 (No response.)

18 CHAIRMAN PALLADINO: I thank you gentlemen for the
19 presentation. We will probably have numerous questions
20 tomorrow. Until that time we will stand adjourned.

21 (Whereupon, at 4:50 p.m. the meeting was recessed,
22 to reconvene the following day at 2:00 p.m.)

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NUCLEAR REGULATORY COMMISSION

This is to certify that the attached proceedings before the
COMMISSION MEETING

in the matter of: BUDGET SESSION -- PUBLIC MEETING

Date of Proceeding: July 20, 1981

Docket Number: _____

Place of Proceeding: Washington, D. C.

were held as herein appears, and that this is the original transcript
thereof for the file of the Commission.

Susan Harris

Official Reporter (Typed)

Susan Harris

Official Reporter (Signature)