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NUCLEAR REGULATORY COMMISSION

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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

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PRESS CONFERENCE

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PUBLIC MEETING

Nuclear Regulatory Commission  
One White Flint North  
Rockville, Maryland

Monday, December 21, 1992

The Chairman of the Commission, Ivan Selin, met with members of the press, pursuant to notice, at 3:34 p.m.

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P-R-O-C-E-E-D-I-N-G-S

3:34 a.m.

1  
2  
3 CHAIRMAN SELIN: I thought the meeting was  
4 pretty clear, but I'll still try to answer whatever  
5 questions you may have.

6 QUESTION: (Questioner off mike.)

7 CHAIRMAN SELIN: This is a hypothetical  
8 question, but we have considerable authority. We can  
9 issue a demand for information ourselves and, if we  
10 don't get satisfactory answers to that demand, we can  
11 shut down operations immediately and take steps to go  
12 for the assets. I hope it won't come to this, but  
13 that's a hypothetical question.

14 Now, as far as GA's responsibilities,  
15 that's a legal question about whether they are in fact  
16 a passive investor or they take a very strong role in  
17 the management. Our view is they're clearly an  
18 integral part of the operation. They've given us  
19 assurances far beyond those you would ever expect just  
20 from an investor.

21 QUESTION: To a more general audience,  
22 what is your basic concern about their arrangement  
23 that guarantees payment for the --

24 CHAIRMAN SELIN: It doesn't guarantee  
25 anything. I mean, their arrangement is based on --

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1 well, we have -- I tried to say it clearly, but we  
2 have two major concerns.

3 The first is to get a plan in hand which  
4 is driven by the technical considerations that Mr.  
5 Blue addressed at the end. I agree with the last  
6 thing Mr. Blue said. It may take a while, but it  
7 should be driven by what makes sense in what order to  
8 close things down.

9 The second -- so, the first consideration  
10 is assurances that there will be financial resources  
11 available to pay for a reasonable decontamination  
12 plan. And the second is assurances that we get a  
13 reasonable decontamination plan, that it's not based  
14 on external financial considerations, but --

15 QUESTION: (Questioner off mike.)

16 CHAIRMAN SELIN: Yes. I mean, basically  
17 they want the citizens of Gore, Oklahoma, to be  
18 shareholders in ConverDyn and after all other expenses  
19 are paid you get your share. They clean up your  
20 neighborhood based on your profits from this future  
21 organization.

22 QUESTION: (Questioner off mike.)

23 CHAIRMAN SELIN: It's not even 12 years.  
24 I mean, a flow of funds -- in my opinion, a flow of  
25 funds which is based on the future prospects for an

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1 unknown business is completely inconsistent with our  
2 regulations and what's to be expected.

3 QUESTION: (Questioner off mike.)

4 CHAIRMAN SELIN: I need to see in detail  
5 what money they propose to put in on what schedule.  
6 It's not out of the question that you had a plan that  
7 took 12 years before you got final complete  
8 decontamination, but we would expect and wish to see  
9 measurable major amounts of decontamination far in  
10 advance of that. It's not clear to me from this  
11 meeting that that's inconsistent with SFC's plans.

12 QUESTION: (Questioner off mike.)

13 CHAIRMAN SELIN: They asked us to have a  
14 proprietary meeting on some business purposes in July.

15 QUESTION: (Questioner off mike.)

16 CHAIRMAN SELIN: Yes. I would have  
17 listened then if somebody had told us what it was  
18 about. I mean, it just sounded to me like they wanted  
19 a meeting that we would go to and everybody else would  
20 be excluded from.

21 Ben, let me just finish. The fact is that  
22 they were still a going operation in July and a closed  
23 operation in November, so that's sort of a smoke  
24 screen. I mean, what were they going to tell us, that  
25 they continued to operate?

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1 QUESTION: That's what I mean. Do you  
2 feel euchred?

3 CHAIRMAN SELIN: No. Well -- do I feel  
4 euchred? Well, a smart leader is never euchred, of  
5 course, but there were assurances given to us which do  
6 not seem to be holding up under pressure and we intend  
7 to make sure that those assurances are followed up on.

8 But, I'd like to come back to Mr. Weiss'  
9 point. What we are objecting to -- we don't have a  
10 plan in hand, so we're not objecting to the plan. We  
11 don't have a financial plan in hand. We're not  
12 objecting to that. We're telling them up front before  
13 they get very far that we will not depend -- which  
14 means that you and your neighbors will not depend on  
15 some company's being able to generate some cash to  
16 pay. They have a commitment and a responsibility  
17 that's independent of ConverDyn or anything else.

18 We're not a bankruptcy judge who's trying  
19 to choose between Chapter 11 and Chapter 7 to try to  
20 figure out what their financial future is. They have  
21 an obligation. If they choose to fund it through  
22 ConverDyn, let ConverDyn reimburse General Atomics,  
23 not pay directly for the clean-up.

24 QUESTION: (Questioner off mike.)

25 CHAIRMAN SELIN: We have -- I mean, SFC in

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1 bankruptcy court or General Atomics?

2 QUESTION: (Questioner off mike.)

3 CHAIRMAN SELIN: Well, we think we've got  
4 a very good shot at General Atomics' resources based  
5 on a whole set of actions that have opened up --

6 QUESTION: (Questioner off mike.)

7 CHAIRMAN SELIN: Well, Super Fund would be  
8 an extreme situation. Super Fund would open up the  
9 liabilities not only to General Atomics but to  
10 previous licensees. That is an option available.  
11 It's not one we would choose early in the chain.

12 QUESTION: (Questioner off mike.)

13 CHAIRMAN SELIN: Under Super Fund, General  
14 Atomics or the government would be able to go to Kerr-  
15 McGee and say, "Regardless of your arrangement with  
16 General Atomics, you're still liable for the  
17 contamination." That is a long-term option. It's not  
18 early in the list of things that we would do.

19 The key point I want to make is we do not  
20 intend to accept a clean-up plan based on timing  
21 that's driven by external financial considerations and  
22 funding which is based on if a company happens to  
23 produce the money it will pay for the pieces. That's  
24 internal to GA and SFC. We want assurances of a  
25 timely plan and resources behind it. And whether they

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1 use the profits from ConverDyn to repay themselves,  
2 that's their business.

3 We don't think you, the citizens of  
4 Oklahoma, or we, the federal government, should be  
5 effectively shareholders in ConverDyn and we won't  
6 accept such a situation.

7 QUESTION: What sort of timetable is  
8 there? You said if they don't fall into line, provide  
9 this detailed plan --

10 CHAIRMAN SELIN: They're talking about  
11 sitting down in February with a detailed  
12 decontamination plan. Everything depends on the  
13 decontamination plan. In fact, what I've been saying  
14 is we want to start with the decontamination plan and  
15 then look at the funding, not start with the funding  
16 and see what can you afford to do in the way of  
17 decontamination.

18 I have to say, I still have quite a bit of  
19 confidence in Mr. Sheppard and his straightforwardness  
20 and his ability to run an operation if supported, so  
21 we're optimistic that that plan will in fact be a  
22 reasonable plan and, if it is, then we can concentrate  
23 on the funding and the assurances and the assets that  
24 are put up to back the plan. If not, then we're at an  
25 impasse and then we'd have to take stronger measures.

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1 QUESTION: Mr. Chairman, Mike Napik with  
2 McGraw-Hill.

3 Because there is some controversy or  
4 difference of opinion about what these documents and  
5 the contract with ConverDyn actually say and what  
6 revenue streams this contract will generate, do you  
7 think that these documents ought to be made part of  
8 the public record?

9 CHAIRMAN SELIN: Well, that's a little bit  
10 backwards. I mean, our view is that, in order for us  
11 to make certain decisions on behalf of the public, we  
12 must be given certain assurances on a nonproprietary  
13 basis. In theory, if -- I mean, we might look at the  
14 proprietary information in order to confirm something  
15 that we could demonstrate in a way that Ms. Curran and  
16 her colleagues could be satisfied themselves. You  
17 know, it's like a security classification. You still  
18 have to make the argument with unclassified data, but  
19 the classified information might improve your  
20 confidence in it.

21 So the answer is, we're not going to  
22 accept -- we would not accept an argument purely on  
23 proprietary information. We might look at -- I mean,  
24 we have the authority and really the need to look at  
25 the proprietary information to see if by digging a

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1 step deeper we feel better or worse, but it would be  
2 purely in a confirmatory basis. But, that's not the  
3 big objection.

4 The big objection is there isn't -- it  
5 doesn't matter what the numbers say. We don't care.  
6 That's their business. How they fund their  
7 obligations is their business. We want to know that  
8 funding and requirements for this decontamination are  
9 based on assets in hand, not on the success of some  
10 future business. We're not going to try to make a  
11 business judgement about whether that's a good  
12 business or a bad business. Let them worry about it.

13 We want to see pledges of assets, real  
14 assets not contingent on the profits or the revenue  
15 stream of a future organization. So, to go a step  
16 further, not only would we not make a decision based  
17 entirely on proprietary information or that couldn't  
18 be justified in public, but in this case it's not the  
19 proprietary information that's the problem. It's the  
20 business concept that some future business is going to  
21 make the money and, if they don't make the money, the  
22 implication is that the decontamination doesn't get  
23 paid for.

24 It's not that ConverDyn is any worse a  
25 business than SFC. It's just irrelevant. I mean, we

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1 want to know, as of today, regardless of what happens,  
2 that that decontamination will be done.

3 Yes, Mr. Rice?

4 QUESTION: (Questioner off mike.)

5 CHAIRMAN SELIN: Well, you know, it's not  
6 reasonable to expect a guarantee on day 1 in terms of  
7 fixed assets in an escrow fund, to take the extreme  
8 case, that could pay for decommissioning 30 or 40  
9 years down the road.

10 On the other hand, this has led me to take  
11 a look at what we expect in escrow funds for  
12 nonreactor licensees and I do think that the amounts  
13 are inadequate. The obligation is no less for not  
14 putting up the same amount of money, but we have -- it  
15 is true we have not applied to facilities, nonreactor  
16 facilities, the same logic that we have applied to  
17 reactor facilities in terms of decommissioning funds.

18 QUESTION: (Questioner off mike.)

19 CHAIRMAN SELIN: It might, but that's not  
20 the main issue. The main issue is that even in a  
21 reactor you don't have them put up enough money on day  
22 1 so that if they had to close down on day 2 they  
23 could pay for the whole clean-up. I mean, that's  
24 really unreasonable. You need some assurances, partly  
25 escrow and partly other assets, that the licensee has

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1 both the ability and the willingness to pay.

2 Now, if you ask me a different question,  
3 do I wish that the Commission five years ago had done  
4 different things with McGee and General Atomics at the  
5 time the deal went through, the answer is I don't  
6 know, but maybe. I mean, that was a long time ago.

7 QUESTION: From what you do know, is \$20  
8 million enough to clean-up?

9 CHAIRMAN SELIN: It's not a pessimistic  
10 assumption. It's likely not to be less, but it's not  
11 a ridiculous amount. It's really hard to say, Mr.  
12 Franklin.

13 You know, we do need that plan. As they  
14 said, they haven't drilled. For good reason, they  
15 haven't drilled through the pools. Those pools are a  
16 major contamination concern.

17 You see, I'm not -- who is the Inside NRC  
18 reporter? Well, you are, but is there a McGraw-Hill  
19 person here too?

20 You see, I'm not really livid. I'm not  
21 pleased, but I'm not livid.

22 Anything else?

23 MR. FOUCHARD: Is that all? Thank you.

24 (Whereupon, at 3:44 p.m., the above-  
25 entitled matter was concluded.)

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were transcribed by me. I further certify that said transcription  
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