

PDR

STATEMENT
OF THE
UNITED STATES NUCLEAR REGULATORY COMMISSION
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
CONCERNING
FY 1987 BUDGET

PRESENTED BY NUNZIO J. PALLADINO, CHAIRMAN

SUBMITTED: FEBRUARY 19, 1986

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U.S. NUCLEAR REGULATORY COMMISSION

FY 1987 BUDGET TESTIMONY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THE COMMISSION APPEARS BEFORE YOU TODAY TO DISCUSS NRC'S FY 1987 BUDGET REQUEST. WITH ME TODAY ARE MY FELLOW COMMISSIONERS, THE ACTING EXECUTIVE DIRECTOR FOR OPERATIONS AND THE DIRECTORS OF THE PRINCIPAL OFFICES OF THE COMMISSION.

OVERVIEW

OUR OMB APPROVED BUDGET REQUEST FOR FISCAL YEAR 1987 IS FOR \$405 MILLION. THIS IS \$13 MILLION BELOW OUR FY 1986 APPROPRIATION PRIOR TO ANY REDUCTION RESULTING FROM THE PROVISIONS OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985 (PUBLIC LAW 99-177) AND \$43 MILLION BELOW OUR FY 1985

APPROPRIATION. OUR STAFFING CEILING IS ALSO BEING REDUCED BY 122 FULL-TIME EQUIVALENT STAFF.

APPENDIX A TO OUR TESTIMONY GRAPHICALLY DEMONSTRATES HOW ACTUAL PURCHASING POWER HAS DECREASED EVERY YEAR SINCE 1981. THE PAST TWO YEARS HAVE SEEN THE MOST SIGNIFICANT REDUCTIONS.

PUBLIC LAW 99-177 WILL REDUCE NRC AN ADDITIONAL \$18 MILLION IN FY 1986. A REDUCTION OF THIS MAGNITUDE, ALMOST HALF-WAY THROUGH THE FISCAL YEAR, WILL HAVE A SIGNIFICANT IMPACT ON THE PROGRAMS NECESSARY TO SUPPORT OUR REGULATORY RESPONSIBILITIES. THE STAFF IS CURRENTLY EVALUATING THE SPECIFIC IMPACTS THAT WILL RESULT IN FY 1986. FURTHERMORE, ALTHOUGH THE FUTURE IMPACT PUBLIC LAW 99-177 WILL HAVE ON NRC IS NOT YET KNOWN, I CAN TELL YOU THAT, IF THE RECENT HIGHLY PUBLICIZED PROJECTIONS ARE ACCURATE, THE NUCLEAR REGULATORY COMMISSION'S PROGRAMS TO ENSURE THE ADEQUATE PROTECTION OF THE PUBLIC HEALTH AND SAFETY WOULD BE SERIOUSLY JEOPARDIZED IN FY 1987.

WHILE WE RECOGNIZE AND ARE SUPPORTIVE OF THE NEED FOR BUDGET AUSTERITY, THE CONGRESS AND THE PUBLIC MUST RECOGNIZE THAT WITH THESE REDUCED RESOURCE LEVELS THE NRC WILL BE PERFORMING LESS REGULATORY OVERSIGHT ACTIVITIES, NOT MORE. OUR CAPABILITY TO RESPOND TO AND RESOLVE ISSUES FROM UNPLANNED EVENTS SUCH AS THOSE AT DAVIS-BESSE, SAN ONOFRE, RANCHO SECO, TVA, AND KERR-McGEE IN A COMPREHENSIVE AND TIMELY MANNER WILL BE DIMINISHED. AT THE SAME TIME, ANY FORWARD-LOOKING ACTIONS AND PROGRAMS NECESSARY TO MEET FUTURE ISSUES AND CHALLENGES HAVE BEEN REDUCED OR ELIMINATED.

THERE WILL SOON BE OVER ONE HUNDRED NUCLEAR POWER PLANTS LICENSED FOR OPERATION. RECENT EVENTS HAVE DEMONSTRATED THAT THE RESOURCES NEEDED FOR REGULATING AN OPERATING REACTOR CAN BE ABOUT AS MUCH AS FOR LICENSING A REACTOR. AFTER THE OPERATING LICENSE IS ISSUED, RESOURCES ARE STILL NEEDED TO PROCESS LICENSE AMENDMENTS, CONDUCT RELATED SAFETY EVALUATIONS, LICENSE PLANT OPERATORS, AND RESPOND TO AND EVALUATE THE IMPACT OF UNANTICIPATED EVENTS. IN ADDITION, MORE OPERATING REACTORS WILL REQUIRE MORE RESOURCES FOR TASKS,

SUCH AS CONDUCTING THE RESIDENT AND REGION-BASED INSPECTION PROGRAMS AND ANALYZING OPERATIONAL DATA.

APPENDIX B TO OUR TESTIMONY SUMMARIZES THE AGENCY'S BUDGET REQUEST BY MAJOR BUDGET CATEGORIES. THE REDUCTIONS VARY IN MAGNITUDE, BUT ALL MAJOR PROGRAMS ARE AFFECTED. I WILL BRIEFLY SUMMARIZE EACH PROGRAM. PLEASE NOTE THAT THE TABLE IN APPENDIX B DOES NOT REFLECT THE DETAIL RESULTING FROM BUDGET CUTS DUE TO PUBLIC LAW 99-177.

REACTOR REGULATION

THE NUCLEAR REACTOR REGULATION PROGRAM IS IN TRANSITION. WHILE DEMAND FOR RESOURCES NEEDED TO REVIEW NEW LICENSE APPLICATIONS DECREASES, THE DEMAND FOR RESOURCES NEEDED TO EVALUATE SAFETY-RELATED LICENSING ACTIONS, RESPOND TO EVENTS, AND PERFORM OVERALL PROJECT MANAGEMENT IS INCREASING WITH THE NUMBER OF REACTORS COMING ON-LINE. FOR EXAMPLE, ABOUT 600-700 MORE LICENSING ACTIONS

ARE ANTICIPATED FOR OPERATING PLANTS IN FY 1987 THAN WERE ACTUALLY RECEIVED IN FY 1985.

IN FY 1987, WE WILL CONTINUE TO WORK ON OPERATING LICENSE AND STANDARD PLANT APPLICATIONS STILL PENDING. WE ALSO INTEND TO CONDUCT ACTIVE PROGRAMS TO OVERSEE THE SAFE OPERATION OF OPERATING PLANTS, TO LICENSE REACTOR OPERATORS, TO CONTINUE WORKING ON UNRESOLVED AND HIGH PRIORITY GENERIC SAFETY AND HUMAN FACTORS ISSUES, AND WORK ON INITIATIVES RELATED TO SEVERE ACCIDENTS AND SAFETY GOALS.

FY 1987 BUDGET CUTS IN THE NUCLEAR REACTOR REGULATION PROGRAM WILL REDUCE OR ELIMINATE IMPROVEMENTS IN SUCH AREAS AS RISK ASSESSMENT, HUMAN FACTORS, AND ADVANCED REACTOR CONCEPTS. FURTHER, WE WILL NOT BE ABLE TO IMPLEMENT THE INTEGRATED SAFETY ASSESSMENT PROGRAM AS A SEPARATE PROGRAM. ALSO, OUR ABILITY TO RESOLVE MAJOR UNANTICIPATED PROBLEMS AT OPERATING FACILITIES AND THOSE UNDER LICENSING REVIEW WILL BE SEVERELY CONSTRAINED.

RESEARCH

IN TERMS OF CONSTANT DOLLARS, OUR RESEARCH BUDGET WILL BE LOWER IN FY 1987 THAN IT WAS WHEN THE AGENCY WAS FORMED IN 1975. BETWEEN 1981 AND 1987, THE NUCLEAR REGULATORY RESEARCH PROGRAM WILL HAVE BEEN REDUCED BY MORE THAN \$110 MILLION, ABOUT 53 PERCENT. JOINT PROGRAMS WITH OTHER PARTIES AND IMPROVED OPERATING ECONOMICS CANNOT MAKE UP FOR THESE REDUCTIONS OVER THE YEARS. THE REDUCTIONS IN THE FY 1987 RESEARCH BUDGET WILL MEAN AN END TO SOME PROGRAMS AND SIGNIFICANT DELAYS IN OR DEFERRAL OF OTHERS.

THE ABSENCE OF NEEDED SAFETY INFORMATION WILL LEAD TO GREATER CONSERVATISM IN THE REGULATORY PROCESS AND COULD LEAD TO PLANT SHUTDOWNS AND POWER REDUCTIONS. IN THE LONG RUN, IT COULD COST THE PUBLIC MORE BY NOT ADEQUATELY FUNDING THE NRC RESEARCH PROGRAM.

THE NRC RESEARCH PROGRAM IS THE PRINCIPAL U.S. GOVERNMENT PROGRAM OF NUCLEAR SAFETY RESEARCH AND IS AN ESSENTIAL PART OF OUR REGULATORY PROCESS. IT PROVIDES US WITH THE SOUND TECHNICAL INFORMATION WE NEED TO DEAL EFFECTIVELY WITH COMPLEX TECHNICAL ISSUES IN REACTOR REGULATION, INSPECTION, AND NUCLEAR MATERIAL SAFETY AND SAFEGUARDS.

A MAJOR FEATURE OF THE RESEARCH PROGRAM IS ITS EMPHASIS ON SAFETY AT OPERATING FACILITIES WHERE PROBLEMS CONTINUE TO ARISE. PROBLEMS WITH CORROSION, RADIATION EMBRITTLEMENT, AND FATIGUE HAVE RAISED SPECIFIC QUESTIONS ABOUT THE CONTINUED SAFETY OF SOME CURRENTLY OPERATING PLANTS. OPERATIONAL PROBLEMS INCLUDE CRACKED PIPING AT BOILING WATER REACTORS, STEAM GENERATOR DEGRADATION AT PRESSURIZED WATER REACTORS, DEFECTIVE VALVES AND RELAYS, AND INADEQUATE MEANS FOR DETECTING AND CHARACTERIZING FLAWS.

SOME OF THESE QUESTIONS ARE BEING RESOLVED BY RESEARCH AND REGULATORY ACTION, BUT MORE QUESTIONS ARE LIKELY TO CONTINUE TO

ARISE AS PLANTS MATURE AND TECHNOLOGY EVOLVES. THE NRC AS WELL AS INDUSTRY MUST BE PREPARED FOR THESE AND OTHER NEW SAFETY ISSUES. AS SUCH, A STABLE, PROPERLY BALANCED RESEARCH PROGRAM IS ESSENTIAL FOR THE COMMISSION TO CARRY OUT ITS RESPONSIBILITIES FOR EFFECTIVE NUCLEAR SAFETY REGULATION.

NRC RESEARCH EFFORTS PLANNED FOR FY 1987 WILL FOCUS PRIMARILY ON:

- * THE STUDY OF PLANT AGING AND DETERIORATION OF EQUIPMENT AND STRUCTURES IMPORTANT TO SAFE OPERATION;
- * EVALUATION OF RECENT SOURCE-TERM WORK TO DEVELOP CRITERIA FOR EXAMINATION OF INDIVIDUAL PLANTS AND TO IDENTIFY REGULATIONS THAT COULD BE AFFECTED BY NEW SOURCE-TERM KNOWLEDGE;
- * SEVERE ACCIDENT SEQUENCE ANALYSIS, DAMAGED FUEL, FISSION PRODUCT RELEASE AND OTHER RESEARCH NEEDED TO PROVIDE A SOUND TECHNICAL BASIS FOR IMPLEMENTATION OF THE SEVERE ACCIDENT POLICY;

- * ASSESSMENT OF COMPUTER CODES USED TO EVALUATE THE SAFETY RESPONSE TO A WIDE RANGE OF TRANSIENTS AND ACCIDENTS;
- * SEISMIC ANALYSIS, AND
- * DEVELOPMENT OF METHODS AND TOOLS FOR EVALUATING DOE'S PROPOSED NUCLEAR WASTE REPOSITORY.

INSPECTION AND ENFORCEMENT

THE INSPECTION AND ENFORCEMENT (IE) PROGRAM WILL CONTINUE TO EMPHASIZE ON-SITE INSPECTION OF REACTORS. IT WILL PROVIDE FOR A SECOND RESIDENT INSPECTOR AT MOST OPERATING SITES AND WILL CONTINUE THE ASSIGNMENT OF AT LEAST TWO RESIDENT INSPECTORS AT ALL CONSTRUCTION AND PRE-OPERATIONAL TESTING SITES. WE ALSO INTEND TO CONTINUE TO FOCUS OUR ATTENTION ON OPERATING EXPERIENCE TO IDENTIFY ISSUES OF GENERIC SAFETY SIGNIFICANCE AND LICENSEES REQUIRING INCREASED REGULATORY ATTENTION.

WORK ON THE QUALITY ASSURANCE INITIATIVES DESCRIBED IN THE STAFF'S REPORT ON IMPROVING QUALITY AND THE ASSURANCE OF QUALITY IN THE DESIGN AND CONSTRUCTION OF NUCLEAR POWER PLANTS, SUBMITTED TO THE CONGRESS IN APRIL 1984, WILL BE SEVERELY CURTAILED IN FY 1986 AS A RESULT OF PUBLIC LAW 99-177. REDUCTIONS WILL INCLUDE INITIATIVES RELATED TO FUTURE APPLICATIONS FOR CONSTRUCTION. TECHNICAL ASSISTANCE TO INSPECTIONS OF NUCLEAR SUPPLIERS AND DESIGNERS WILL BE REDUCED BY 50 PERCENT IN FY 1986. THERE WILL ONLY BE MINIMUM FUNDING TO SUPPORT TEAM INSPECTIONS OF MAJOR NUCLEAR POWER PLANT MODIFICATIONS DURING OUTAGES.

FUNDING REDUCTIONS WILL ALSO OCCUR IN FYS 1986 AND 1987 IN THE SPECIAL TEAM INSPECTION PROGRAMS (CONSTRUCTION APPRAISAL TEAM, INTEGRATED DESIGN INSPECTION PROGRAM AND INDEPENDENT DESIGN VERIFICATION PROGRAM) FOR CONSTRUCTION SITES, IN THE EMERGENCY PREPAREDNESS PROGRAM, AND IN TECHNICAL SUPPORT TO THE STAFF FOR PROBLEM FACILITIES IN BOTH CONSTRUCTION AND OPERATION. OTHER

INSPECTION AND ENFORCEMENT PROGRAMS WILL BE RETAINED ESSENTIALLY AT THEIR FY 1986 LEVELS.

NUCLEAR MATERIAL SAFETY AND SAFEGUARDS

DURING THE REMAINDER OF FY 1986 AND IN FY 1987, THE NUCLEAR MATERIAL SAFETY AND SAFEGUARDS (NMSS) PROGRAM WILL FOCUS ON SEVERAL PRIORITY ACTIVITIES.

SPECIFICALLY, WE WILL CONTINUE TO CARRY OUT OUR EXTENSIVE REGULATORY RESPONSIBILITIES UNDER THE NUCLEAR WASTE POLICY ACT AND THE URANIUM MILL TAILINGS RADIATION CONTROL ACT. WE WILL BE EXAMINING ALL ASPECTS OF THE RECENT URANIUM HEXAFLORIDE INCIDENT AT THE KERR-MCGEE SEQUOYAH FACILITY TO DETERMINE IF ANY REGULATORY CHANGES ARE APPROPRIATE. WE WILL BE EXAMINING THE ADEQUACY OF NRC SAFEGUARDS REQUIREMENTS AT LICENSED FACILITIES IN LIGHT OF AN INCREASED SENSITIVITY TO CURRENT TERRORIST ACTIVITIES ELSEWHERE IN THE WORLD. AND, WE WILL BEGIN EXECUTING OUR RESPONSIBILITIES

UNDER THE LOW-LEVEL RADIOACTIVE WASTE POLICY AMENDMENTS ACT OF 1985.

HOWEVER, YOU SHOULD BE AWARE THAT THE NRC FY 1987 BUDGET REQUEST DOES NOT CONTAIN RESOURCES TO IMPLEMENT THE RECENTLY ENACTED LOW-LEVEL WASTE ACT AMENDMENTS. WE ARE CURRENTLY EXAMINING WHERE WE CAN REPROGRAM RESOURCES FROM OTHER IMPORTANT ACTIVITIES WITHIN THE AGENCY.

OTHER IMPORTANT NMSS EFFORTS IN FY 1987 INCLUDE IDENTIFYING AND RESOLVING ISSUES ASSOCIATED WITH SPENT FUEL SHIPMENT AND STORAGE, RESPONDING TO UNANTICIPATED EVENTS INVOLVING FUEL CYCLE FACILITIES AND MATERIALS LICENSEES, COMPLETION OF LICENSING CASES FOR FUEL CYCLE FACILITIES AND THOUSANDS OF MATERIAL LICENSEES, AND THE CONDUCT OF A LIMITED NUMBER OF OPERATING REACTOR SAFEGUARDS REGULATORY EFFECTIVENESS REVIEWS.

BUILDING CONSOLIDATION

OF URGENT INTEREST TO THE COMMISSION IS THE MATTER OF NRC BUILDING CONSOLIDATION. AS YOU KNOW THE NRC STAFF HAS BEEN HOUSED IN TEN BUILDINGS IN ROCKVILLE, BETHESDA, SILVER SPRING AND THE DISTRICT. WE APPRECIATE THE COMMITTEE'S CONTINUED SUPPORT IN OUR QUEST TO CONSOLIDATE AND HOPE OUR EFFORTS WILL BEAR FRUIT.

CONCLUSION

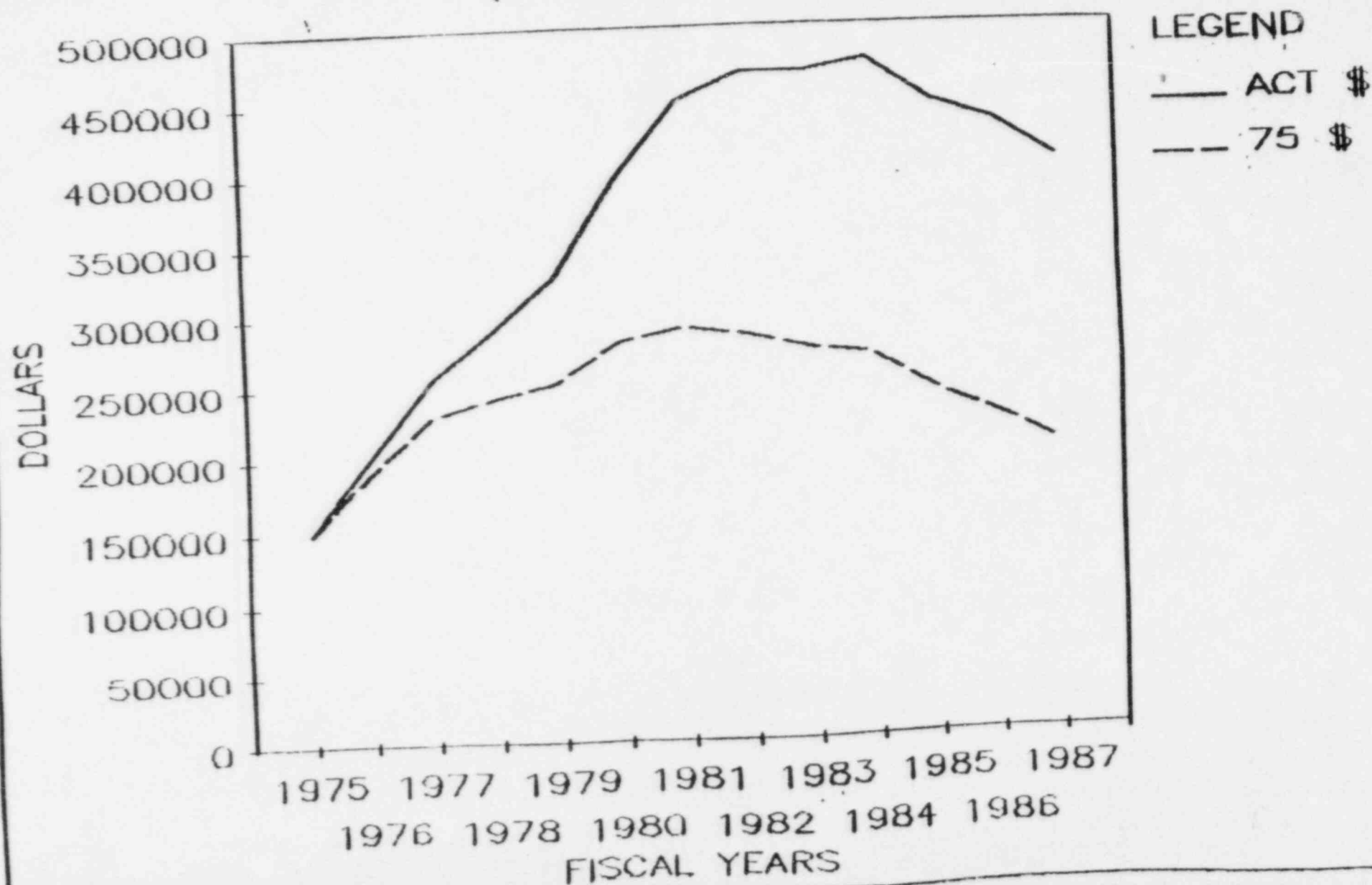
THE DETAILS OF OUR BUDGET REQUEST ARE CONTAINED IN OUR BUDGET SUBMISSION, WHICH HAS ALREADY BEEN PROVIDED TO THE COMMITTEE. APPENDIX C PROVIDES EXAMPLES OF NRC ACCOMPLISHMENTS IN FY 1985.

IN CLOSING, LET ME REEMPHASIZE THAT THE BUDGET REQUEST SUBMITTED TO CONGRESS REPRESENTS A MINIMUM PROGRAM IN THE VIEW OF THE COMMISSION. WE URGE YOUR STRONG SUPPORT FOR THE FULL AMOUNT OF OUR REQUEST.

U.S. NUCLEAR REGULATORY COMMISSION

TOTAL OBLIGATIONS IN CONSTANT DOLLARS

(Dollars in Thousands)



APPENDIX B

BUDGET RESOURCE SUMMARY ^{1/}

<u>PROGRAMS</u>	<u>FY 1985</u>		<u>FY 1986</u> ^{2/}		<u>FY 1987</u> ^{3/}	
	<u>FTE</u>	<u>\$</u>	<u>FTE</u>	<u>\$</u>	<u>FTE</u>	<u>\$</u>
NUCLEAR REACTOR REGULATION	711	86.5	716	83.8	683	<u>79.8</u>
INSPECTION AND ENFORCEMENT	1,105	94.6	1,140	98.2	1,135	<u>98.6</u>
NUCLEAR MAT'L SAFETY AND SAFEGUARDS	362	40.0	370	41.0	360	<u>39.5</u>
NUCLEAR REGULATORY RESEARCH	226	150.0	207	134.7	180	<u>113.5</u>
PROGRAM TECHNICAL SUPPORT	365	30.8	355	30.3	330	<u>30.5</u>
PROGRAM DIRECTION AND ADMIN.	<u>729</u>	<u>43.5</u>	<u>703</u>	<u>43.3</u>	<u>681</u>	<u>43.1</u>
	3,498	445.4	3,491	431.3	3,369	405.0

^{1/} DOLLARS ARE EXPRESSED IN MILLIONS.

^{2/} ESTIMATES DO NOT REFLECT THE \$18 MILLION REDUCTION REQUIRED BY THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

^{3/} DEFICIT CONTROL ACT REDUCTIONS ARE NOT KNOWN AT THIS TIME.

APPENDIX C

EXAMPLES OF FY 1985 ACCOMPLISHMENTS

- O ISSUED INITIAL LICENSES (RESTRICTED TO 5% POWER) FOR 10 REACTORS, 8 OF WHICH WERE GRANTED FULL-POWER AUTHORIZATIONS. IN ADDITION, 3 PREVIOUSLY LICENSED REACTORS RECEIVED FULL-POWER AUTHORIZATIONS.
- O DEALT WITH PROBLEMS AND UNANTICIPATED EVENTS INVOLVING REACTORS UNDER CONSTRUCTION, OPERATING REACTORS, MATERIALS LICENSEES AND FUEL CYCLE FACILITIES, INCLUDING INITIATING A PROGRAM TO RESPOND TO REACTOR INCIDENTS.
- O CARRIED OUT OUR RESPONSIBILITIES UNDER THE NUCLEAR WASTE POLICY ACT.
- O THE COMMISSION ISSUED:
 - SEVERE ACCIDENT POLICY STATEMENT;
 - NEW BACKFIT RULE TO IMPROVE METHODS FOR ADMINISTERING THE IMPOSITION OF NEW REQUIREMENTS ON LICENSEES;
 - POLICY STATEMENT ON TRAINING;
 - FINAL RULE ON PRESSURIZED THERMAL SHOCK;
 - PROPOSED RULE FOR PUBLIC COMMENT ON CRITERIA FOR DECOMMISSIONING FACILITIES;
 - PROPOSED POLICY STATEMENT FOR REGULATION OF ADVANCED NUCLEAR POWER PLANTS.
- O PROVIDED CONGRESS WITH REVISED LICENSING AND STANDARDIZATION LEGISLATION AND SUBMITTED SIX OTHER MISCELLANEOUS LEGISLATIVE PROPOSALS FOR CONGRESSIONAL CONSIDERATION.
- O MONITORED AND TOOK APPROPRIATE REGULATORY ACTION ON TMI CLEANUP ACTIVITIES.