

Official Transcript of Proceedings
NUCLEAR REGULATORY COMMISSION

Title: Commissioner Caputo Plenary Session

Docket Number: N/A

Location: Video Teleconference

Date: March 9, 2021

Work Order No.: NRC-1420

Pages 1-29

NEAL R. GROSS AND CO., INC.
Court Reporters and Transcribers
1323 Rhode Island Avenue, N.W.
Washington, D.C. 20005
(202) 234-4433

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

+ + + + +

33RD REGULATORY INFORMATION CONFERENCE (RIC)

+ + + + +

COMMISSIONER CAPUTO PLENARY SESSION

+ + + + +

TUESDAY,

MARCH 9, 2021

+ + + + +

The RIC session convened via Video
Teleconference, at 12:45 p.m. EST, Raymond Furstenau,
Office Director, RES, presiding.

PRESENT:

ANNIE CAPUTO, NRC Commissioner

RAYMOND FURSTENAU, Office Director, RES

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

P R O C E E D I N G S

(12:45 p.m.)

MR. FURSTENAU: Good afternoon, and welcome back to the 2021 Regulatory Information Conference. I hope everyone had a nice break for lunch and are ready for our afternoon sessions.

It's my pleasure to introduce our next plenary speaker, Commissioner Annie Caputo. The Honorable Annie Caputo was sworn in as Commissioner of the U.S. Nuclear Regulatory Commission on May 29th, 2018, and is currently serving the remainder of a five-year term ending June 30th, 2021.

Commissioner Caputo previously served as a senior policy advisor for Chairman John Barrasso on the Senate Environment and Public Works Committee. She also held this position for then-Chairman James Inhofe from 2007 to 2012. From 2005 to 2006 and 2012 through 2015, Commissioner Caputo worked for the House Committee on Energy and Commerce, handling nuclear energy issues.

Prior to her positions on Capitol Hill she worked for Exelon Corporation. A graduate from the University of Wisconsin at Madison, she holds a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

bachelor's degree in nuclear engineering.

After Commissioner Caputo's remarks, we'll have some time for questions. So would you please welcome Commissioner Caputo?

COMMISSIONER CAPUTO: Thank you, Ray. And thanks to you, Ray, and Andrea and both of your teams, for all of the hard work that's gone into preparing to take the RIC virtual this year. It's an impressive feat and I really thank you all for your hard work.

Before I begin my prepared remarks there are a few comments I want to make. The first, like my colleagues, I would like to note this week marks the somber tenth anniversary of the earthquake, tsunami, and accident at Fukushima. While this tragedy itself unfolded in Japan, it reverberated throughout the world and prompted soul-searching in the global nuclear industry. I have tremendous respect for our Japanese colleagues as they work to decommission the site and rebuild their community. I'm also pleased that Ambassador Koji Tomita is joining us Thursday to speak in our session on the tenth anniversary of Fukushima.

On a separate note, as you know, we recently experienced a change in leadership here at the NRC.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

Former Chairman Svinicki is the NRC's longest-serving Commissioner, a strong leader, and a personal mentor that I dearly miss. That said, I congratulate Chris Hanson for his recent designation as Chairman. While we have only worked together for less than a year, I have found him to be studious and thorough, something I greatly respect. We may not always agree, but I appreciate his collegial relationship and congratulate him on his new post.

He recently shared a video to virtually introduce himself to agency staff. I found the idea and the video immensely clever. Since Chairman Hanson joined the agency, while we have been in maximum telework, the agency has largely not had the chance to interact with him. While working from home creates new challenges for all of us, it also has some benefits.

And I can't but smile when I think about how, as the weather warms up, Chairman Hanson will take his laptop outside and be closer to his beloved chickens.

I also want to take a moment to thank my staff. I'm sure every Commissioner thinks their staff is the best, but I'm right. Like all agency staff, their performance has been outstanding, even during the pandemic. In particular, I want to thank my chief

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

of staff, Steve Cade. It takes a special kind of courage for an Army Ranger to parachute into Navy terrain and I'm thrilled that he took that leap. I'd be lost without him.

And now I'm moving onto my prepared remarks. I'd like to start with a quote from Senator Tom Carper, Chairman of the Senate Environment and Public Works Committee, which has overseen the work of our agency for many years. He is fond of saying, "If it isn't perfect, make it better." The theme for this year's conference, "The Power of Possibility," is the power to make it better.

This is the purpose behind the agency's transformation. It is the belief that we can regulate nuclear safety in better ways. This is not to say that our past hasn't been good, it's simply a recognition that our world is dynamic and we should have a mindset and a culture to seek out excellence and innovation.

If it isn't perfect, let's make it better.

Our efficiency principle of good regulation states, "The American taxpayer, the rate-paying consumer and licensees are all entitled to the best possible management and administration of regulatory activity. The highest technical and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

managerial competence is required and must be a constant agency goal." The principle does not say, let's keep doing it the way we've always done it. Rather, it says, the best possible management administration, the highest technical and managerial competence.

These are stretch goals that we must continually strive for, because achieving them is never permanent. As a safety regulator, we need to be thoughtful, measured, and deliberate about how and what we change, but our dynamic world constantly raises the bar and challenges us to do better.

The efficiency principle also says NRC must establish the means to evaluate and continually upgrade its regulatory capabilities. This means being able to learn and relearn is essential to success. Transformation is about empowering our staff members to rethink what they do and imagine the possibility of doing it better. Their creative and innovative contributions unlock the power of possibility and enable the agency to upgrade its capabilities.

I'd like to cite two examples with different approaches. On Monday, Chairman Hanson touted the work of NRR's EMBARK Venture Studio, which is actively helping people and their ideas gain traction

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

by breaking down barriers to new ways of working. They've made great progress over the past year in areas such as subsequent license renewal, risk-informed process for evaluations, and improved communications for advanced reactors.

Like the Chairman, I'm impressed to see the progress with the Mission Analytic Portal and I'm eager to see it transform the use of data to support risk-informed decision-making across the reactor safety program. In addition, the external portion of the Mission Analytics Portal focuses on automating business processes and providing transparency in licensing reviews. This work is all about using data-driven, results-oriented approaches to find new ways to find new ways to solve old problems.

Chairman Hanson also touted the work done by our Innovate NRC team with its 424 innovation success stories and 14 crowdsourcing challenge campaigns. Together, Innovate NRC and EMBARK grow our transformation efforts. Innovate NRC is the platform to gather ideas, sometimes teaming up with EMBARK as the innovation incubator. I expect collaborative efforts like these to continue generating positive changes in how the agency operates in the future.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

Amidst all this talk of change, our safety and security mission remains constant: to license and regulate the nation's civilian use of radioactive materials, to provide reasonable assurance of adequate protection of public health and safety, and to promote the common defense and security and to protect the environment. The mission's often changed, and while we often recall what it says, I always think it's an important reminder to hear it said out loud, especially in the context of an event like today. As always, this mission will remain our primary focus as we transform and make things better.

The agency's performance during COVID is a sound example of our safety focus amid change. Agility is no longer an aspirational buzzword, but an operational reality. COVID's big challenge was like saying, So, you think you're good at your job? Let's see you do it during a pandemic. The staff met this challenge head-on and showed agility by continuing to fulfil our mission.

As I look back on the past year, a few examples spring to mind. Immediately, and without missing a beat, our IT Department effectively transitioned the entire agency from normal operations

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

to telework for over 90 percent of the workforce. About 95 percent of our workforce remains in full-time telework a year later.

Second, our inspectors adjusted their inspections to maximize the work that could be done remotely, and then be as safety-focused and productive as possible when it's necessary to be on-site. This demonstrated our inspectors' dedication to doing their job while minimizing the COVID risk to themselves and others.

Lastly, the staff also worked to maintain transparency by shifting public meetings, like our annual meetings on nuclear safety plant performance, to a remote format.

The agency's leadership and staff response has been outstanding. They remain dedicated and productive while managing to juggle all the complications that come with working remotely. Some doubled as virtual school teachers for their children, others cared for relatives that were unable to care for themselves, many more have performed unforeseen roles amid the ever-present stress and threat of the virus itself.

The silver lining to this very dark cloud

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

has been the growth of the staff's agility. Once we move beyond this crucible, I hope that we can preserve and expand the cultural growth.

In past talks, I have touched on the topic of risk. I emphasize this issue, as it is vital to our transformation efforts. Yet our approach to risk-informing is not perfect. This leads me back to the efficiency principle. Regulatory activities should be consistent with the degree of risk reduction they achieve. We shouldn't assume that processes enshrined decades ago with less operating experience, less data, and less sophisticated tools are untouchable and should be enshrined in perpetuity simply because that is what we've always done.

The nuclear industry and the NRC have over 4,500 years of operational experience in nuclear power.

We stand where we are today because of the many lessons learned along the way. That experience contains a wealth of data that provides insights into risk. Risk-informing is about analyzing that data to find those insights as a basis for improving our processes.

As safety improves, some inspection activities may result in diminishing returns.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

Inspectors may have to spend more time hunting for smaller and smaller infractions, and their performance shouldn't be judged against how many findings they have issued. This is the opposite of being risk-informed.

In seeking to improve oversight, it's important to analyze existing data to discern if, when, and where this might occur, and then adjust accordingly.

In this way, staff can make data-driven decisions to refine oversight. We shouldn't be afraid to review our practices to look for improvements and efficiencies.

I agree with Commissioner Baran: cost savings should not be the primary goal. But it shouldn't be anathema, either. One of our digital exhibits for the RIC explains how inspectors can carry a digital tablet into the plant and use it to look up documents they need while conducting their inspections and consult with the regional office. This saves the inspector time running back and forth between their office and the plant, but it doesn't mean less work is accomplished. If we can find better ways to focus our inspections and meet our mission while incurring less cost, that should be a win-win.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

We should recognize and acknowledge safety enhancements wherever we find them, whether in sustained, measurable improvement in safety performance of existing reactors, or in the inherent safety of advanced reactor design.

With regards to advanced reactors, a philosophy of "more regulation is always better" is far from perfect and would hinder their deployment. For advanced designs that incorporate inherent safety features, regulatory treatment should be consistent with the degree of risk reduction they achieve. By attempting to apply regulatory constraints common to existing plants, we risk hindering technology development with the potential for leaps and bounds in safety.

This is clearly reflected in the Nuclear Energy Innovation and Modernization Act, commonly called NEIMA, particularly in its direction to the NRC to develop a technology-neutral, risk-informed, and performance-based regulatory framework for licensing advanced reactors. I am encouraged by the staff's effort to embrace that direction, start fresh, and seek a broad range of stakeholder input, thinking in new ways.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

No doubt, this is a tall order and completing it by October of 2024 will be tough. It took the agency over 20 years to complete Part 52. But we are not in a time of business as usual. Congress has expressed a sense of urgency in enabling efficient and effective licensing of advanced reactors based on the public policy benefits of deploying the technology.

A recent report by the Nuclear Innovation Alliance and the Partnership for Global Security also conveys a sense of urgency regarding the development of advanced reactor technology, both to address climate change goals and to reassert global influence in nuclear safety, security, and non-proliferation. The report considers our staff's efforts on Part 53 to be a strong start, and states, "licensing should be affordable, certain, and timely to enable rapid build-out of clean nuclear energy while meeting high standards."

External stakeholders, including Congress, are watching closely to see how well we execute our responsibilities. This will require being accountable and responsive to effectively reach sound, objective decisions in keeping with our safety and security mission. A strong start is important, but

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

so is a strong finish. Our reputation as a regulator hinges on our ability to effectively and predictably license these reactors.

The clarity principle of good regulation states, "Agency positions should be readily understood and easily applied." If we expect applicants to submit complete, high-quality applications, then it is incumbent upon us to provide the tools necessary for them to do so. While the agency has repeatedly claimed the ability to license advanced reactors under the existing framework, the regulatory guidance on how to do so remains incomplete.

Guidance is an interpretation of what it takes to meet our requirements. Without this guidance, applicants are forced to guess what is required for the application and what regulations will be applied in the agency's review of it. Given this lack of guidance, it is not surprising to find disconnects between the staff and applicants in such circumstances.

The NRC's vision and strategy objective of optimizing non-light-water reactor regulatory readiness states, "Regulatory readiness includes the clear identification of NRC requirements and the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

effective and timely communication of those requirements to potential applicants in a manner that can be understood by stakeholders with range of regulatory maturity." I believe we have yet to fully realize that state of readiness.

While licensing advanced reactors under our existing framework is possible, and in fact underway, I am concerned that such reviews will be neither predictable nor efficient. That is what makes the timely completion of Part 53 vital to enable predictable, timely reviews of advanced reactors. Applying our regulations to new technology is not a perfect solution, but I believe Part 53 will make it better, more coherent, logical, and practical, enabling timely, high-quality decisions.

Here is one last quote from the efficiency principle, which states, "Regulatory decisions should be made without undue delay." Margie Doane, our Executive Director, has often discussed how part of becoming a modern risk-informed regulator also means making timely, high-quality decisions.

To me, high-quality decisions are safety-focused, data-driven, and objective. Subjectivity should be minimized to the extent staff

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

can reasonably do so, and defense in-depth should be used to address uncertainties. But decisions should also be transparent and reproducible so that stakeholders can clearly see how a conclusion was reached and that the conclusion is defensible and withstands scrutiny.

Agency action ultimately should be based on thorough, risk-informed, and unbiased assessments. Our backfit rule is a vital tool that serves to refine our focus on safety significance and improve decision quality. The reliability principle of good regulation states, "Once established, regulation should be perceived to be reliable and not unjustifiably in a state of transition."

The backfit rule provides this reliability by establishing a disciplined process for determining whether regulatory changes are necessary for the adequate protection of public health and safety or whether proposed changes provide a substantial, cost-justified safety increase. In this way, the backfit rule is a sound approach that right-sizes the regulatory framework according to risk and results in higher-quality decisions focused on yielding significant safety benefits.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

Becoming a modern risk-informed regulator with timely, high-quality decision-making is also crucial for attracting and retaining the highly skilled workforce of the future. Our reputation as the gold standard for nuclear safety means each member of the staff is dedicated and contributing every day to something bigger than themselves. While this principled work environment is very appealing, I believe we will struggle with retention of talented employees if our decision-making is cumbersome.

One example is just to pose the question, who wants to struggle through a seven-month concurrence process at the end of a large project? Talented people, particularly those early in their careers, will want to be part of an organization that is harnessing data and technology to streamline decision-making and create an active, collaborative work environment.

Here, again, EMBARK Venture Studios is taking the lead. They are modernizing decision-making through a collaborative, data-driven, test-driven approach to problem-solving. This is the sort of innovative, high-performing culture that incoming employees early in their career will find appealing and engaging. We are on our way to more fully

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

harnessing technology in executing our work, and we are getting better.

For those of you who are familiar with my work, it wouldn't be a Commissioner Caputo speech if I didn't touch on financial management, an area ripe for improvement. Being an engineer, I'm a numbers person, so, yes, we have come to the numbers portion of my remarks.

And I will start with \$77 million. This is the amount of funds left over from Fiscal Year 2020, the funds that we collected from taxpayers and licensees that we ultimately didn't need to accomplish our mission. This \$77 million wasn't essential for nuclear safety; it was left over after the work was done. This is a persistent problem that has driven Congress to institute reporting requirements and legislate a cap on corporate support costs as a portion of our budget.

Of this \$77 million, \$24 million was accessed to corporate support spending. Yet despite this pattern of excess corporate support funds, the majority of floors in our headquarters at One White Flint have not been renovated in over 25 years.

Another number is \$114 million. This is the amount of that our Part 170 fee collections have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

decreased since 2016. All our inspections and licensing reviews are billed by the hour to the licensees and applicants receiving the service. For example, the total inspection-related staff effort per operating site averages around 6,000 hours a year and is billed to each licensee.

So, Part 170 fee collections are, in essence, a proxy for our core oversight and licensing workload. Between 2016 and 2020, these collections declined 36 percent from \$320 million to \$206 million. In 2021, they're estimated to drop another \$35 million.

For 2020, our core oversight and licensing work represented only 26 percent of our total budget authority.

As additional reactors close prematurely, this downward trend will likely continue. We won't be doing less work with less money, as some claim. If our budget isn't adjusted accordingly, we'll simply be doing less work with the same or more money. That won't be the best possible management and administration of our regulatory activity.

For those unfamiliar with our budgeting practices, we use a budget developed two years ago as a foundation to formulate a budget for two years from

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

now, with little calibration of comparison to actual expenditures. This results in a budget that is slow to reflect our changing reality.

Allocation of resources is a major instrument of policy for any agency. It is a statement of priorities and it is the means to achieve objectives.

For this reason, I dedicate a significant amount of time to our budget and fee recovery processes, a fact well-known to the staff tasked with answering my many questions.

As in many other areas, I would like to see the agency use data analytics for formulate more accurate budgets based on actual expenditures and trends. Our financial management should not be exempt from the benefits of high-quality, data-driven decisions and transformational thinking. Our budgeting isn't perfect and I think there is a lot we can do to make it more accurate.

I will conclude my remarks as I begin them by referencing Senator Carper saying, "If it's not perfect, then make it better." I have highlighted areas where I believe progress is being made and areas where more needs to be done. I'm a firm believer in doing our best on today's work, that disciplined

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

decision-making and process improvements are a crucial foundation and culture for addressing future challenges.

While it's important to give some thought to where the future is headed five to ten years out, we can't lose sight of doing our best right now. We may not know exactly where we'll be in the future, but improving our fundamentals now will ensure that we are better prepared when the future arrives.

Learning to operate in a pandemic was not something we chose, but it was thrust upon us. Leadership and staff rose to the challenge with dedication and integrity, something we should all be proud of. Now it's incumbent upon all of us to leverage the beneficial lessons and changes made over the past year to continue to challenge old paradigms, to imagine the power of possibility, and to transform. In short, let's make it better.

Thank you, Ray.

MR. FURSTENAU: Thank you, Commissioner, for your remarks. We have some time for, hopefully, several questions here. And if you're ready to get started on that, Commissioner, the first question: you mentioned some positive things that you see happening

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

with regards to transformation at the agency; what do you see as challenges or shortcomings of the approach that NRC is taking to transformation?

COMMISSIONER CAPUTO: Well, there's a famous management quote, I think from Peter Drucker, if I remember right, along the lines of, you can't manage what you can't measure or what you don't measure. And I think, with regards to transformation, there's a lot of change going on right now, but it's very difficult to assess how much progress is really being made. Without having a baseline of where we were, we won't know how well we've improved, how far we've changed, and how much progress has been made.

And I'll give one example. I'll go back to the concurrence process, which I mentioned briefly in my remarks. As just one example, it received quite a bit of attention during our Futures Jam almost two years ago. I know the procedure has been revised on that concurrence process, but I think the results-oriented part of me is eager to see, does that mean the time in concurrence comes down? Have we actually made the change? Because this becomes one of those efforts where a lot of procedures, a lot of office instructions, things are getting revised and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

changed. But the struggle will be to see what the actual impact and result of those changes are.

And we may sense there are efficiencies or expect there are efficiencies, but it's hard for us to really tell without some sort of a baseline indication whether or not, and how far we've come. And I think that's probably one of our biggest challenges.

MR. FURSTENAU: Okay, thank you for that.

The next question is kind of a cost-benefit question, the way I'm reading it. How do you balance the improvement concept in regulations with increased costs, ultimately, to the ratepayer?

COMMISSIONER CAPUTO: I'm sorry, can you read the last part of that question again?

MR. FURSTENAU: How do you balance the improvement concept with increases that are, ultimately, increases in costs that can, ultimately, be passed on to rate-payer?

COMMISSIONER CAPUTO: I think that gets back to the challenge of measuring our progress, because, at the end of the day, if we have spent significant staff time and resources on transforming and making these changes, we can justify that by saying

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

we've reduced the time it takes to make this decision or we've improved the quality of this decision or improved our performance in some measurable way.

That, I think, is defensible. I think the difficulty is in directing staff time and resources in ways that we hope to see positive improvements and performance, but really can't say one way or another where things have actually changed. And then I think that really begins to raise that cost-benefit question in terms of whether we're really being good stewards of the resources we're dedicating.

MR. FURSTENAU: Thank you. The next question is about emergency planning zones.

Commissioner, do you think it's reasonable to talk about an emergency planning zone that is two and a half or two miles, or one-fifth the current size for advanced reactors, that might have source terms that are as low as one-five-hundredth of those of current operating reactors?

COMMISSIONER CAPUTO: Well, I won't comment for the finer technical points, but I will say I agree with Commissioner Baran when he said this morning it's possible to have a site boundary EPZ, but it really depends on the risk profile for the design.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

So I think it remains to be seen, as designs come in and the staff are evaluating those, for which designs that may or may not be acceptable.

MR. FURSTENAU: Okay. This next question is about budgets, And bear with me here, it's kind of a long question, Commissioner, if I need to repeat some of it.

You have long focused on the importance of budget discipline and increased transparency and accountability in NRC's financial management systems. Last year, the NRC's budget execution was impacted by COVID-19. Your remarks noted the excessive carryover from last year. Congress also recognized this issue and directed the Commission to use \$35 million in carryover funding. What opportunities do you see to increase transparency, accountability, and predictability in NRC's financial management practices as a consequence of the NRC's experience with COVID-19?

COMMISSIONER CAPUTO: Let me start with the first part, which is what opportunities do I see for improving the accuracy. I think, at this point, when we are evaluating proposed budgets, we end up looking at, if we're lucky, one sort of top-line for an office in terms of budgetary execution. We don't

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

look at, program-by-program, how much have we spent on subsequent license renewals, how much are we projecting to spend, does that mesh with how many applications we're finishing and how many applications are getting filed, and able to look at it in sort of a more refined sense of, yes, that looks about right.

I've said this before, and certainly with some of my colleagues, we got a very high-level amount of information to justify the expenditure of hundreds of millions of dollars. But the justification, in a lot of ways, is defended by, well, it's slightly less for these reasons, but that's offset by increases in these areas.

And everything is very qualitative. So I think we would benefit a lot from having a greater level of detail in terms of being able to see where these expenditures are really headed and to verify that they're really rooted in data and past experience.

MR. FURSTENAU: Thank you. The next question: how can the agency leverage things like the Licensing Modernization Project, TCAP (phonetic), and Part 53 innovations to help with the near-term reviews that are going on right now, like Oklo and Advanced Reactor Demonstration Project applications?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

COMMISSIONER CAPUTO: I think I'm going to decline to really answer that, because I think that's really where the staff needs to execute its judgment in terms of how it can apply all of those and the nature of what it's learned, certainly, with the NuScale reviews being completed, what it can learn from those reviews, et cetera.

I do think we are seeing some challenges just in terms of what regulations we have that are applicable versus not applicable versus how many exemptions and applicant will receive. And this is one of those difficulties where I think, until we have Part 53 in place, applicants will struggle to grapple with finding that out earlier in the process.

I'd like to hope that it becomes more customary to reach those conclusions or assessments maybe in pre-application space. But I definitely think, to the extent an applicant has to file an application without knowing the full extent of which regulations are going to be applied and what's going to be exempted, I think that really puts applicants in a tough position. And that is one of those challenges I think inherent in trying to proceed under our existing framework. It's doable, but I don't think

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

it ends up being the best example of clarity and predictability in terms of trying to reach a decision.

MR. FURSTENAU: Thank you. We have time for one last question, Commissioner.

In your remarks you talked about financial discipline in the agency. Can you expand on that a bit more in the environment of NEIMA and the caps on reactor fees and corporate support? Do you see these limitations having a negative impact, particularly to safety, as some might suggest?

COMMISSIONER CAPUTO: I don't foresee them having a negative impact on safety, and I'll give two different examples.

One, I know there's been some concern about corporate support costs and that corporate support costs support the safety mission of the agency. But I think when you look at the reality of collecting \$24 million beyond what was necessary to execute the corporate support work, I don't think that's really fair and equitable to taxpayers and licensees. And I think there's a lot of room to become more accurate in terms of what we are charging for the corporate support costs.

And that, I think, is separate from the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

question of safety. I could also add in there, when it comes to management of our facilities, if we have 500 vacant offices in headquarters buildings, and that's aside from teleworking with COVID, there's no safety benefit to maintaining those vacant offices, but there is a cost. And so I think that becomes sort of -- I don't think that's a very winnable argument, at least not in my mind, that we're impacting safety by looking to be more accurate in corporate support spending.

With the remainder of the budget, the thing that I struggle with is our core work, that 26 percent of our budget, our inspection work is in that. And so when you think about the nature of our inspection work, as Commissioner Baran says, he equates it to driving safety, that driving safety is within that 26 percent of the budget. The rest of the budget becomes infrastructure that supports that work. But that work is our primary mission.

And so I think I don't really worry about the caps in NEIMA because I think there is certainly adequate funding there to make sure we are executing our core safety and security mission. I think, after that, it's a matter of sort of looking at the support

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

work that gets done and drawing some priorities around what's necessary and what's perhaps superficial or overtaken by events or outdated or what could be driven to be more efficient by harnessing technology.

So I think there are a lot of changes and a lot of room to maneuver long before we would be forced into a corner where we actually might be impacting safety.

I think there's a lot of change that can be done before we would end up in that position.

MR. FURSTENAU: Okay. Thank you so much, Commissioner Caputo, for your remarks and taking the time to respond to the questions we had. We a lot more questions than we could answer, but this was all the time we had.

And thanks to everybody in the audience for participating in this session. So, with that, I'll call this session closed. Thank you very much.

(Whereupon, the above-entitled matter went off the record at 1:28 p.m.)

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701