

NUCLEAR REGULATORY COMMISSION

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IN THE MATTER OF:

PUBLIC MEETING

DISCUSSION & APPROVAL OF FY 1978 DOMESTIC  
SAFEGUARDS TECHNICAL ASSISTANCE CONTRACTUAL PROJECTS

**Place** - Washington, D. C.

**Date** - Thursday, 8 December 1977

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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

PUBLIC MEETING

DISCUSSION & APPROVAL OF FY 1978

DOMESTIC SAFEGUARDS TECHNICAL ASSISTANCE CONTRACTUAL PROJECTS

Room 1130  
1717 H Street, N. W.  
Washington, D. C.

Thursday, 8 December 1977

The meeting was convened at 4:00 p.m., pursuant to notice, Dr. Joseph M. Hendrie, Chairman of the Commission, presiding.

BEFORE:

- JOSEPH M. HENDRIE, Chairman
- PETER A. BRADFORD, Commissioner
- VICTOR GILINSKY, Commissioner
- RICHARD T. KENNEDY, Commissioner



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1 that means it is spent.

2 MR. GOSSICK: Obligated. The work is not  
3 necessarily done or costed yet, but it's under way and already  
4 authorized to be done by a national laboratory by a contractor.

5 COMMISSIONER GILINSKY: What fraction is that?

6 MR. GOSSICK: We don't have it.

7 It's an appreciable amount.

8 COMMISSIONER GILINSKY: 50 percent, 90 percent?

9 MR. GOSSICK: I would say closer to 50 percent.

10 MR. PAGE: Maybe we have Research address theirs.

11 MR. LEVINE: Billion and half that's obligated.

12 MR. GOSSICK: We had the lawyers and the Comptroller  
13 in consultation with the GAO address the question of whether  
14 or not, assuming the President signed the bill last week or  
15 today, whether we should do anything about ongoing work.

16 The answer that we have been given and have  
17 furnished the Staff if that no, that under circumstances like  
18 this it would be unreasonable to terminate or to put into  
19 suspension ongoing work that's already been authorized, since  
20 the law had not been passed and there was no reasonable way of  
21 expecting that we might be called upon to do that back beginning  
22 at the first of the Fiscal Year.

23 It was a possibility, but we didn't know whether  
24 it would be law or not.

25 In any event, the lawyers issued a piece of paper

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to our program directors that has told them, one, don't put anything more on contract.

But as far as the ongoing work, it's all right to let it continue.

Now, I have a memo that OPE furnished the Commissioners that raises certain questions about what does consolidation mean, how is this material coordinated and so forth.

I would like to address it before we get into the details of considering the various projects.

We sent down to you a total of, I think it was 58 projects, totaling about \$15 million face value and because we are not completely together in the Staff on some of the projects, we have held back about eight projects and I think the total face value of those anticipated value is about \$1.3 million.

We will come back to you with those after they are resolved or if it's decided not to do them, we will certainly inform you of those.

I would say that when we get to the project-by-project treatment here on the spread sheet that Sam's people have put together, that Ed Holloman asked us not to discuss the dollar value in an open meeting because of the implications from, you know, the contractor selection, the competitive aspect, and, you know, going out for bid on the precise dollar

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amounts we have shown here against the individual projects.

If you would like for Ed to expand on why that causes a problem, I would be happy to let him do so.

COMMISSIONER GILINSKY: When we ask for a proposal we don't indicate the amount of money.

We are asking for bids to do it, to carry out a specific job.

MR. GOSSICK: To indicate what we have in the budget for it sort of tips our hand as to what is available.

According to Mr. Holloman, this presents a problem from the contractual viewpoint.

CHAIRMAN HENDRIE: That lead me to ask, I wonder if the legal requirements with regard to those projected dollar amounts that point over here, the Sunshine Act here and the authorization bill mandate to the Commission here, form a three-legged stool which can't be done.

COMMISSIONER GILINSKY: Can we legally withhold these numbers?

MR. GOSSICK: Ed, are the dollar amounts withholdable under the Freedom of Information request?

MR. MAYNARD: These dollar amounts would be withholdable under the Freedom of Information Act, yes.

The money that has been set out in the reports to Congress are in more lump sum.

Not in the detail provided here.

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1 As far as regarding the Sunshine Act, I should  
2 defer to the Office of General Counsel.

3 CHAIRMAN HENDRIE: We are mandated to try to  
4 do these enterprises in public session, unless there is some  
5 clear and pressing reason under one of the Sunshine Act  
6 exemptions.

7 So public discussion, I read the authorization  
8 bill today that we are supposed to look down rather more  
9 in detail than simply the overall safeguards research money,  
10 for instance, in the Office of Research, Technical Assistance  
11 and Safeguards, in other offices and so on, as I read the  
12 language, they go considerably beyond that.

13 They speak of contracts.

14 Is that compatible with being able to do these  
15 things?

16 MR. GOSSICK: I guess all I would suggest, if there  
17 is a question, is that too much to put on this kind of  
18 effort, that we have to find some way of addressing it either  
19 in a closed session or some other way.

20 CHAIRMAN HENDRIE: Or in a somewhat more summary  
21 fashion.

22 Consolidating groups of individual contracts that  
23 are in a particular area, perhaps.

24 Well, it is a point for talk later on.

25 For today, let's observe your suggestion and stay

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1 away from mentioning the dollar amount on specific contracts.

2 COMMISSIONER GILINSKY: Are you planning on running  
3 through these?

4 MR. GOSSICK: Those the Commissioners have indicated  
5 through the secretary that they would like to have discussion  
6 of or have some questions on, or in some cases the OPE memo  
7 has apparently been the motivation for showing some of them  
8 here as to possibly being a matter of interest.

9 COMMISSIONER GILINSKY: How does the total  
10 break down between fuel cycle facilities and reactors?

11 MR. SMITH: Of the projects that you have, the 58  
12 which total \$13 million, I can only give you the figures  
13 roughly that I have for the various offices.

14 Would you like that?

15 COMMISSIONER GILINSKY: The total, I would say the  
16 total on the reactors.

17 Perhaps they're an overlap.

18 MR. SMITH: I don't have the figure at hand.

19 I have NSS figure and NRR and we have to look at  
20 research and standard and break that out as to whether it was  
21 in support of reactors or in support of fuel.

22 MR. CASE: A million five for reactors.

23 COMMISSIONER GILINSKY: Out of the \$13 million.

24 MR. GOSSICK: Including the research Sol is doing  
25 on our behalf.

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MR. CASE: Yes.

COMMISSIONER GILINSKY: So we are talking about \$11.5 million directed toward fuel cycle facilities, transportation --

COMMISSIONER KENNEDY: Is there any breakdown indicating how much of that is for transportation, transportation-related activities?

MR. PAGE: We did not break them down by category.

Some of the projects benefit both transportation and fixed sites, so they serve multiple purposes here.

MR. SMITH: We can certainly put that together.

COMMISSIONER KENNEDY: It would seem to me it would be more useful to know the purposes for which we are researching the categories, rather than the office who is sponsoring it.

It's interesting from a management point of view, but from a decisional point of view whether it's useful to the dollars in that kind of work --

MR. PAGE: The projects we send forward identify whether it's used for material control accounting or fixed sites or contingency planning.

MR. BARRY: We can get you a general figure how much applies to the different areas, but there's a lot of it that applies to a lot of it, particularly study money, that crosses the board.

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COMMISSIONER GILINSKY: What somebody is telling me, it's about a million and a half for reactors is the best guess and 11 and a half for fuel cycle.

Now, could I ask, about 11 and a half, how much of that is fiscal protection and how much is directed toward material accountability?

These seem to be the interesting categories.

I don't know what we can do about going through little individual research pieces.

MR. BARRY: We can give you research pieces if you want them now.

MR. ARSENAULT: Of the \$7.5 million approximately \$2 million is fuel cycle.

A half million for transportation.

\$1 million would be for reactor protection only, and approximately \$4 million would apply to physical protection for the entire fuel cycle, including reactors.

COMMISSIONER GILINSKY: That sounds like different numbers than Ed gave out.

MR. GOSSICK: Ed did not take into account work done in NSS that would apply to reactors as well as fuel cycle.

COMMISSIONER GILINSKY: He shook his head that he was but it would be useful to have the numbers at the same time.

MR. SMITH: We can put them together in any crosscut

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1 you wish.

2 COMMISSIONER GILINSKY: Reactors, fuel protection,  
3 material accountability.

4 Transportation.

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5 MR. SMITH: I have the breakout for our office.  
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1                    COMMISSIONER KENNEDY: Can I ask a generic question  
2 about the whole package. To what extent has the entire package,  
3 every project been scrubbed against all other projects to  
4 assure there isn't any redundancy.

5                    MR. GOSSICK: That was a point in the OPE  
6 memo that asked one, what does consolidation mean and how does  
7 the coordination process work?

8                    COMMISSIONER KENNEDY: I haven't read that memo.  
9 I don't know whether I have it.

10                   MR. GOSSICK: At least a year ago, I don't recall  
11 exactly when it was, I guess it was in connection with the '78  
12 budget review, out of that we set up a procedure whereby  
13 all safeguards projects, research or technical assistance  
14 work, was to be reviewed by NSS, taking a lead with an  
15 across-the-board task group, if you will, primarily from the  
16 standpoint of, are there overlaps, is there duplication, or if  
17 there is duplication, is it necessary duplication? That has  
18 been in effect over this past year, and there is a coordination  
19 process, where, when something is put on contract or put out  
20 one, a 189, to ERDA, that it is sent out for coordination  
21 and looked at by the other offices.

22                   Now, more recently, I have established, what do we  
23 call it, the STAR group.

24                   MR. SMITH: The STAR group, Safeguards Technical  
25 Assistance and Research Coordinating Group. It's been called

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1 that since December of '76. From December of '76 up until your  
2 recent memorandum, I think it is fair to say that we were  
3 looking at it from the standpoint of duplication, but only in  
4 a limited way.

5 That is looking at the statement of work. Not  
6 statement of work. The scope of the proposed project. It was  
7 not an in-depth technical analysis of it, to address the  
8 question, it is needed, how does it do this and do that.

9 That was what was going on up until recently.

10 MR. GOSSICK: I guess a month or six weeks ago,  
11 August, I signed out a piece of paper which puts NMSS as  
12 the overall chairman of this task group, where not just duplica-  
13 tion or overlap is looked at, but whether the project makes  
14 sense in their view.

15 If there is a problem within the Staff as to agreeing  
16 whether this should or should not be done, to get it elevated  
17 up, let me look at it, if necessary, bring it to the Commission  
18 for resolution.

19 That is working now. Will be working in the course  
20 of putting together next year's budget.

21 So, anyway, that is where we are on the coordination  
22 situation.

23 These projects that were sent down to you, as I  
24 indicated, were pulled together by NMSS working with other  
25 offices.

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1           NMSS has reviewed in every case their technical  
2 research projects and all research projects that relate to  
3 the fuel cycle area. NRR -- and also with regard to the  
4 standards work that related to your area.

5           NRR has also done this with respect to the work  
6 relating to the reactor and looked also at the I&E work.

7           MR. SMITH: We looked at I&E with respect to other  
8 interplay with our program.

9           COMMISSIONER KENNEDY: In answer to my question,  
10 there is no redundancy?

11           MR. GOSSICK: If there is, it is agreed that it is  
12 a necessary redundancy, or warranted, but that is specifically  
13 what has been looked at by this coordination process. Yes, sir.  
14 So, what we have done the, in sending these projects down, we  
15 have listed them first of all, starting off with the research  
16 projects and then the technical assistance projects by office.

17           In each case, we have indicated a user need who  
18 stands behind given projects, starting in the research area.  
19 As I had understood it, the sheet that was put out, was based  
20 on inputs from your offices as to specific projects you wished  
21 to discuss, and we are available and have all the people here,  
22 that I think can take them on project by project.

23           I am sorry we don't have this cross-cut of how this  
24 all breaks out into the categories we have discussed a moment  
25 ago, but we will certainly get that down to you as soon as

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1 possible.

2 CHAIRMAN HENDRIE: Now, the one sequence in this  
3 event, train of events which may not have worked as well as  
4 one would have hoped is for the Commissioners to fully  
5 develop their exception lists, and so on.

6 I see people with paper clips in their papers. I  
7 wonder if it would be -- what would you prefer to do? Pick  
8 up items that you have got tagged, sort of from front to  
9 back, and we will always return, and so on, or would you like  
10 some summary, a two-minute summary statement, sort of by major  
11 areas, primary areas?

12 COMMISSIONER GILINSKY: Most of these are -- I  
13 mean no one tagged them.

14 I know that I have tagged a number of them.

15 COMMISSIONER KENNEDY: Could we just start down  
16 the front and the ones thst are tagged or somebody has got  
17 a question on, just raise it?

18 CHAIRMAN HENDRIE: Why not?

19 COMMISSIONER KENNEDY: Start at the beginning and  
20 see if we can go through to the end.

21 CHAIRMAN HENDRIE: Let me ask a question. The ones  
22 on that sheet are in the same order as the paper? That is the  
23 way that is developed.

24 MR. GOSSICK: With that, we can turn to the second  
25 project under: research listing, the title is "Effectiveness

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1 Evaluating Methods for Transportation and Physical Protection."

2 I am sorry -- the first one --

3 COMMISSIONER GILINSKY: Are these grouped in some  
4 natural categories? I see subtotal. I see -- that is the  
5 office subtotal. But they are not grouped in any other subject  
6 category?

7 MR. GOSSICK: No. They are not.

8 Sol, do you have them categorized by office or  
9 by function or transportation or reactors or safeguards --  
10 I mean, in any way?

11 MR. LEVINE: No.

12 MR. SMITH: The title gives a pretty good  
13 description.

14 COMMISSIONER KENNEDY: It talks about fixed sites.  
15 How much? Half of it is for reactors and half of it for fuel  
16 cycles or what?

17 COMMISSIONER GILINSKY: It doesn't give a sense of  
18 what we are trying to do with this \$13 million. To deal with it  
19 usefully, I think something better than --

20 MR. GOSSICK: I don't think this sheet can do it,  
21 but I am afraid, literally, we can categorize them or stack  
22 them any way you like. I guess what I am saying is, it is  
23 necessary to read the purpose or scope of work for each of  
24 these to get a feel for what they are.

25 COMMISSIONER GILINSKY: Let's group them in some

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1 categories that reflect the problems, we are trying to do.

2 MR. GOSSICK: Some you can break down. Some will  
3 have applicability to more than one of the categories we  
4 have been talking about, transportation or reactors.

5 MR. SMITH: We have done that, Commissioner, for  
6 our own particular office. We have broken them out into  
7 contingency planning for analysis, international licensing  
8 technology, but we can break it out, in cooperation with the  
9 other office directors almost in any way that you wish.

10 COMMISSIONER GILINSKY: Are they in any particular  
11 order? Within an office are they listed?

12 MR. GOSSICK: No.

13 MR. SMITH: But they could be. They can be.

14 MR. GOSSICK: You mean on a priority basis?

15 COMMISSIONER GILINSKY: No, physical protection,  
16 actors, or whatever.

17 MR. ARSENAULT: A problem we frequently encounter  
18 in trying to list and categorize these things, the structure  
19 of the safeguards program within the NRC is multidimensional.  
20 One way to do this is functionally. You can categorize them  
21 by physical protection, material control, contingency planning.  
22 Another way is by the user office which is an organizational  
23 structure. Another way would be according to the particular  
24 part of the fuel cycle to which it might be directed, and with  
25 safeguards frequency, there is no specific focus.

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1 I mentioned a moment ago, that many of the research  
2 projects are as applicable to reactors as to other portions  
3 of the fuel cycle. Physical security generally would fall into  
4 this category. There is little difference in that category  
5 between the types of facilities. So while these projects could  
6 be categorized according to any particular set that you would  
7 like to identify, there is no priority basis for categorizing  
8 them in any other way than by office.

9 COMMISSIONER GILINSKY: I guess it is a little  
10 disturbing that the offices don't seem to agree on whether they  
11 are equally applicable or not.

12 MR. CASE: There may be a difference between that  
13 and do we support it?

14 He may be doing some research that he things may  
15 be applicable to us. They are two different things.

16 MR. LEVINE: To summarize what Frank said, you need  
17 more than one coordinated list to get all the information.  
18 You may need two different cross-cuts.

19 COMMISSIONER GILINSKY: For myself, if you leaf  
20 through a series of these, they are all plausible, and they  
21 are going to do interesting things, and I want to know whether  
22 I should be saying yes or no.

23 MR. BURNETT: The integrated safeguard plan, you  
24 know, we are pursuing has run on this same problem. They have  
25 tried to categorize all the projects that are being pursued,  
and in the ZBB we came up with six categories. In the

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1 integrated plan I have come up with 10. What you are uncovering  
2 here is exactly the problem that we are hitting. What are the  
3 names of these categories. We are trying to do that in the  
4 integrated plan. We have made no attempt to do it here in this  
5 presentation. The more historical natural format was by  
6 office. That was the way it had been pursued up to now.

7 COMMISSIONER GILINSKY: Okay. Let's grant that.  
8 We have the breakdown by office. But within the office break-  
9 down, within the office listing, they seem to be listed  
10 more or less in a random fashion.

11 MR. BURNETT: In the statement they are. But in NMSS  
12 we have put it in six categories. All of NRC has not done that,  
13 Commissioner. That is one of the things that is being addressed  
14 in the integrated safeguard plan.

15 MR. SMITH: What we did for our own particular office,  
16 I had that problem when I was trying to review it, was to force  
17 the project back into the decision units we used for '79  
18 and to find out what the objective of the overall thing was,  
19 and what the project was that was going to support that  
20 objective.

21 We have that thrust. But that was only so that --

22 COMMISSIONER GILINSKY: You are only going 3 1/2  
23 million out of 13?

24 MR. SMITH: That is true. As Bob said, traditionally,  
25 it's been by office.

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We didn't have a mandate to cross-cut.

COMMISSIONER KENNEDY: Is that correct? you are  
2 1/2 million out of 13?

MR. SMITH: He is saying 2 1/2 for our own NMSS.

COMMISSIONER GILINSKY: I meant work projects that  
they have categorized.

COMMISSIONER KENNEDY: You could have categorized  
all of the things which you called upon Research to do for you.  
You are the originator of the projects, which would be  
another, what, 4 or 5 million, I guess?

MR. BURNETT: 3.5.

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1 MR. PAGE: If 1.5 goes to reactor and the rest --

2 MR. SMITH: About 11.5.

3 MR. PAGE: That includes transportation, too.

4 COMMISSIONER KENNEDY: You are the originator of all  
5 of that.

6 MR. BURNETT: A great deal of it.

7 COMMISSIONER KENNEDY: The part you originated,  
8 called upon Research to do for you, obviously you can categorize  
9 it.

10 MR. BURNETT: We have not been called upon to do that  
11 up until this very moment. My office put all of this together.  
12 I can cut it in any shape of pie, if you just tell me what shape  
13 you want the pie.

14 COMMISSIONER BRADFORD: This is all in response to  
15 House Conference Report 7598, requiring we publish a statement.  
16 What does the statement actually say? The Commission finds,  
17 what?

18 MR. GOSSICK: The lawyers have been working on this.  
19 Jay, where are we?

20 MR. MAYNARD: We have drafted up a proposed statement  
21 for people to react to. The legislative language is not very  
22 clear. It says, one thing that is clear, you must find there is  
23 a need for the contract. What more than that is something I  
24 think we have to work out ourselves. The statement we propose,  
25 simply says that "The Commission has reviewed each of the project

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1 statements and finds there is a need for the contract."

2 COMMISSIONER GILINSKY: Sort of a one-sentence state-  
3 ment?

4 MR. MAYNARD: A very summarized statement, yes. One-  
5 page statement is what we have addressed up to this point.

6 COMMISSIONER BRADFORD: Apparently the Congress felt  
7 some of the same need for a conceptual framework as was indicated  
8 earlier, and they would rather we were sitting here going through  
9 this exercise than that they do it. Is that what is behind this?

10 MR. MAYNARD: I can summarize the legislative history  
11 for you as I have read it. I wasn't present.

12 COMMISSIONER BRADFORD: I don't know if I need the  
13 whole history. Whatever answers the question, "Why?"

14 MR. MAYNARD: Well, you get a different impression  
15 with each report you read. But the House was clearly concern-  
16 ed that whenever the Office of Nuclear Regulatory Research let  
17 a contract that we had determined that there was a user need  
18 for, that seemed to be the thrust of the House report.

19 The Senate report, there is a concern we are relying  
20 too much on outside contractors in the safeguards area, so the  
21 Commission is to look again at the need for the contract. That  
22 is pretty much the two things that come out of the report.

23 COMMISSIONER BRADFORD: Is this a fairly unusual  
24 thing for the Congress to do?

25 MR. MAYNARD: Yes.

1 CHAIRMAN HENDRIE: Let's see. I lost the tailend of  
2 that. I am sorry.

3 COMMISSIONER BRADFORD: We don't have a draft.

4 MR. GOSSICK: It hasn't gotten down to you. It is  
5 in the Staff.

6 CHAIRMAN HENDRIE: Let me go back. You probably just  
7 told me and I was looking the other way and missed it. I am  
8 sorry. Do you derive from the language of the conversation and  
9 whatever is in the report, that there must be an individual  
10 Commission statement on each contract?

11 MR. MAYNARD: I come to that conclusion, yes.  
12 Although I think we can review all of the contracts and make one  
13 finding as such.

14 COMMISSIONER KENNEDY: We can make a finding on the  
15 total program, so long as all the contracts that comprise that  
16 program are then listed. It implies that we have, by so doing,  
17 we have reviewed all the contracts and find them all consistent?

18 MR. MAYNARD: That is the conclusion I get.

19 MR. SMITH: Initially we were talking about the  
20 Federal Register notice. The Commission has reviewed the  
21 current proposed domestic safeguards project which would involve  
22 the expenditure of Fiscal '78 contractual funds and has concluded  
23 there is a need for the proposed project. It would also say,  
24 perhaps, a statement describing the work benefits and users'  
25 needs for each project has been placed in the NRC's public

1 document room, and that these statements will be updated as  
2 appropriate. That was when we first started off. I haven't  
3 read the final. Does that say pretty much the same thing?

4 MR. GOSSICK: Pretty much.

5 MR. SMITH: It is along that line.

6 COMMISSIONER BRADFORD: It's pretty clear though  
7 in order to satisfy whatever the concerns the Congress had,  
8 at least that the last package, the stuff that goes in the public  
9 document room, has to indicate through the overall framework and  
10 coherency of the package. If Congress had taken this step, they  
11 must have felt the Commission was spending money in ways that  
12 lacked some coherent accountability. I just don't know.

13 MR. SMITH: That is a feeling I have, a perception I  
14 have, based on discussions with Staff members and so forth, but  
15 certainly that was not -- that particular concern wasn't  
16 reflected in the authorization bill.

17 COMMISSIONER BRADFORD: Except to the extent that  
18 Congress doesn't usually do something like this. You can infer  
19 from it that they must have something in mind. Would it make  
20 sense for us to look ultimately toward approving those documents,  
21 those ones that are going to go into the public document room,  
22 as part of approving the whole package?

23 MR. SMITH: Yes.

24 COMMISSIONER BRADFORD: When are we likely to see  
25 them?

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1 MR. GOSSICK: That is this package.

2 MR. SMITH: We can recast this package in different  
3 ways as we have talked about, and bring it back.

4 COMMISSIONER BRADFORD: This package is the first  
5 draft of that.

6 MR. SMITH: Yes.

7 MR. BURNETT: There will be a second package coming  
8 to you, that there are still a small amount of projects under  
9 review.

10 MR. GOSSICK: We will get it to you as it is  
11 resolved. No matter how we resolve it or stack up the projects,  
12 we still, as of necessity, we have to address each one of these  
13 projects. This is what has to do into the PDR, I guess.

14 MR. BARRY: Mr. Chairman, I really don't believe that  
15 Congressional intent is for the Commission to have to review  
16 each and every contract, or 189, we have a 172 work order form  
17 on contractual assistance, before it goes out to be placed out  
18 for work. I do think we are being requested to -- the Commission  
19 is being requested to look at what I will call the "project  
20 level," which may be one or more contracts, in terms of certain  
21 discrete type of safeguards work orders that is going to be  
22 placed on contracts, but I really don't believe that the intent  
23 is for the Commission to review every contract.

24 COMMISSIONER GILINSKY: This doesn't give us anything  
25 but a listing of contracts.

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1           COMMISSIONER KENNEDY: Are these projects which will  
2 involve more than one contract? I assume these were single  
3 contract projects.

4           MR. BARRY: I guess what I am saying, you can add up  
5 all your contracts and categorize them into project-type  
6 activities.

7           COMMISSIONER GILINSKY: But that hasn't been done  
8 here.

9           MR. SMITH: For the total package, no.

10          MR. BARRY: Of course, you can look at the discrete  
11 items on the list here, but I don't believe that they -- the  
12 discussions I have had with the Staff, from both sides of the  
13 House, is they want to be satisfied that the Commission is  
14 satisfied that we have a viable safeguards program; that you  
15 are in complete agreement with it.

16                 Well, we, of course, do this in part or in general  
17 terms, when we go to a budget review, but we don't necessarily  
18 look at it in perhaps as fine a detail as the Congress would  
19 like us to do in this particular functional activity.

20                 I think what we are looking for, in my interpretation,  
21 is to be satisfied that the project activity level, that the  
22 type of effort that we are buying under contractual assistance  
23 is necessary and that they don't expect to have to look at every  
24 contract to ensure that that contract, in a sense, is worth the  
25 sum total. Because we have an awful lot of contracts that could

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1 involved in this thing, that would take an awful lot of your  
2 review time.

3 MR. GOSSICK: Would you rather have us regroup it  
4 for you, stack it up in stacks?

5 CHAIRMAN HENDRIE: It does seem to me that some  
6 regrouping is going to be necessary. I think the package which  
7 is in hand, which takes the work contract at a time and  
8 says that this contract today, here's the name, rank, serial  
9 number, and all the rest of it, is an essential listing as part  
10 of the process. So it is good that that is in hand.

11 The Commission's problem is to simulate in a short  
12 time and see how -- I have some doubt it is practical for the  
13 Commission to discuss and debate and vote upon each of what are,  
14 how many --

15 MR. SMITH: 60-some.

16 CHAIRMAN HENDRIE: Sixty-odd things coming down the  
17 line. I expect to do so on any detailed basis is really rather  
18 more than was expected. I think if you will take this stack  
19 and try to construct for us these crosscuts, these documents  
20 stay the same, but we need some crosscutting summaries which  
21 attempt to sort out into the category areas. Physical protection,  
22 reactors, if you like. I am not quite sure what the categories  
23 ought to be, but you have been worrying about this with regard  
24 to the integrated effort and the ongoing programs, so you have  
25 a pretty fair jump on the problem.

1 Now and then some subtotals, so we see how these look.  
2 Presumably, if there is a category like physical security  
3 reactors, you could indicate the total going into the area, and  
4 what contracts or portions of contracts in this list contribute  
5 to that area in your judgment. This kind of a crosscut, I have  
6 tried these things before, and let us all recognize right here  
7 and now, these are not going to be, you know, down to the last  
8 penny, 17 cents of a contract goes to physical protection and  
9 \$1.50 to something else. It just can't be done that way.

10 COMMISSIONER KENNEDY: As a matter of fact, I would  
11 expect that some of these contracts, even though you say, you  
12 can allocate out of \$10,000 contract, \$5000 is really for  
13 reactors, as a practical matter if you decided you didn't want  
14 to do the reactors, what you really wanted to get was the same  
15 work done for fuel cycle facilities, you would still pay the  
16 \$10,000.

17 MR. DIRCKS: It says 5.4, of that I can identify  
18 1.5 in reactors and 3.8 or .9 in what I call "other," but that  
19 "other" includes fuel cycle and the spilloff to reactors.

20 COMMISSIONER GILINSKY: Is the rest of it then  
21 "material"?

22 MR. DIRCKS: It is about 700,000 in transportation.  
23 I have about 5.5 in material and accounting, then I have a  
24 general category, called "general." 1.4 million.

25 CHAIRMAN HENDRIE: What I am trying to say here is,

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1 we all must recognize, I think, the attempt to make the crosscut  
 2 is a useful one. It helps to organize for our purposes into  
 3 sort of a functional category rather than an NRC organizational  
 4 system, where this work is going, but because the work is by  
 5 specific contract under office, why, we recognize that in  
 6 making the dollar cuts, for the crosscut, it is very much a  
 7 matter of judgment involved.

8 I think the Staff's judgment, the cognizant Staff,  
 9 familiar with the contracts, are in a position to make a reason-  
 10 able estimate without agonizing over the details. You have to  
 11 exercise your judgment, make the divisions you see fit, and let's  
 12 just all recognize that isn't going to be a dividing which is to  
 13 be subject to, you know, to detailed auditing. It just doesn't  
 14 work that way. I think we will continue to need this package  
 15 which has the individual contracts listed in it, but the cross-  
 16 cuts under a category in the crosscuts, a reactor, physical  
 17 security of reactors, if that is one, you certainly ought to  
 18 list a contract or portions of contracts that contribute to  
 19 that, and whether you want to bother to put the papers, stack  
 20 additional copies of papers under there, I don't know. Maybe  
 21 what you do is to assign these things a number. Number 1,  
 22 number 2, or A-1, B-1, or whatever, and list them that way  
 23 for reference in this package.

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1 MR. BURNETT: Mr. Chairman, I have six categories  
2 I can throw out. If the Commissioners have any others we can  
3 add it.

4 Physical security of reactors, the physical security  
5 fuel cycle, transportation, material accounting, contingency  
6 planning and information handling systems.

7 CHAIRMAN HENDRIE: Other --

8 MR. BURNETT: Inspection supports one of these things.  
9 I am trying to get this into a format that you can use it.

10 COMMISSIONER BRADFORD: Well, I think maybe the shoe  
11 is a little on the other foot. If we knew the format in which  
12 you all conceived of it, that would be the format.

13 MR. BURNETT: I can do it that way, too.

14 COMMISSIONER KENNEDY: I would have to verify, while  
15 I agree with that, I would have to say in fairness to the Staff,  
16 that we would have to then agree, whatever it is they come up  
17 with, will accept.

18 I have a feeling that history tells me that that might  
19 not quite float, and that they would probably be willing to say  
20 that, too, given half a chance.

21 COMMISSIONER BRADFORD: Fair enough.

22 Maybe the answer is, there isn't a format right now  
23 and therefore we will have to devise one.

24 COMMISSIONER KENNEDY: I guess what we ought to do  
25 is tell them what we want and then come up with it. They have

1 already got what they wanted. What they thought they needed.

2 MR. GOSSICK: We can do this and be back next week  
3 easily.

4 MR. CASE: I would like to suggest some of the cate-  
5 gories, not all of them, as Bob mentioned, have to be split  
6 between reactors and fuel cycle facilities. It is more than  
7 just the first one.

8 COMMISSIONER BRADFORD: In pursuit of that, the  
9 kind of question I had is on the first one. If you would like  
10 to throw it out. We don't need an answer right now.

11 First in talks about power reactors, and then fixed  
12 site physical protection, the paragraph on user need is apparent-  
13 ly an NMSS user need.

14 Now, if it is power reactors, why does the user need  
15 the fact NRR --

16 MR. GOSSICK: Nuclear facilities --

17 COMMISSIONER BRADFORD: Facility characterization  
18 methodology --

19 MR. GOSSICK: This applies to both --

20 COMMISSIONER BRADFORD: Power reactors are fuel  
21 facilities. To the extent that power reactors are involved,  
22 why wouldn't NRR be one of the --

23 MR. BURNETT: We don't think we need it.

24 MR. ARSENAULT: Just a minute. Excuse me. I have  
25 some difficulty in understanding the comments, because one of the

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1 user needs we hve, and one of the contracts that we have, in  
2 fact, obligated this year, was an \$80,000 contract to respond  
3 to an NRR response to transfer preliminary results of precisely  
4 this project to them for operational use.

5 Now, it is possible that there is a misunderstanding  
6 concerning the source of those.

7 MR. CASE: Somebody has decided to spend the money. I  
8 say, we don't need it, but given you get some results, I want to  
9 look at them to see if I can use them.

10 COMMISSIONER BRADFORD: Okay.

11 I think my question served its purpose, in terms  
12 of measuring the need to have those kinds of glitches  
13 straightened out before we finally sign off on the page.

14 MR. GOSSICK: I guess I would have to say in all  
15 candor, there probably will be some of these where I would  
16 agree with Cliff that, or we may all agree with Cliff, that  
17 they are needed on the fuel cycle facility and may or may not  
18 be applicable.

19 But I agree with Ed, if it is going to be done anyway,  
20 I sure as heck want to take a look at it. If he's in the posi-  
21 tion of saying, he endorses the need for this, you have to go  
22 out and defend it from scratch on your own.

23 COMMISSIONER KENNEDY: Let me ask this question, to  
24 satisfy my curiosity on this one. There is a project here for  
25 X amount, totally aside from whether NRR has an interest in

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1 this or not, if this project goes forward, which was requested  
2 by NMSS, would the cost be X amount or X minus something?

3 MR. SMITH: Let me say we support the objective of  
4 the project.

5 COMMISSIONER KENNEDY: I thought it was your project.  
6 Research was doing this for you.

7 MR. SMITH: This particular one?

8 COMMISSIONER KENNEDY: Yes.

9 MR. SMITH: We put in a written request to have  
10 RES to research this project.

11 Now, we didn't necessarily tack a certain dollar  
12 amount to the project.

13 COMMISSIONER KENNEDY: I understand that, but this is  
14 your project.

15 MR. SMITH: Yes.

16 COMMISSIONER KENNEDY: Research is saying -- you want  
17 this job done and this is what it is going to cost to get it  
18 done. So the amount, the X dollar number, X number of dollars  
19 attached to this project is what it takes to get NMSS's project  
20 done. Is that correct?

21 MR. SMITH: I would say that is right.

22 COMMISSIONER KENNEDY: Is that right, Saul?

23 MR. LEVINE: I would say so.

24 COMMISSIONER GILINSKY: If this is in your budget,  
25 this is the way you spend it.

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1 MR. BURNETT: That is sort of difficult. This pro-  
2 ject we agree at this time should be pursued. That is the  
3 best estimate we have been able to work up with Research and us.  
4 We rely on Research to tell us the final cost of that project.

5 COMMISSIONER GILINSKY: I mean without getting  
6 overly detailed about it. I am asking in a general sort of  
7 way.

8 MR. LEVINE: These are worked out at the Staff level  
9 and coordinated, including the Staff. They don't have to sign  
10 off on the cost, but they know what it is going to cost and  
11 know the details of the program.

12 MR. SMITH: Let me say in this particular one we made  
13 the request to Research, that we had a need. They came back  
14 with a project that would probably have fall-out not only  
15 for us but also for reactors. They have attached a certain  
16 price tag to it. We have gone along with that. I think it  
17 is fair to say that we both agree that at the end of some point  
18 in time, if we don't see tangible results coming out that we  
19 feel can be fed back into the licensing process, we won't pursue  
20 the area any more.

21 Now, we might have differences of opinion between,  
22 say, the Safeguards Division and Research as to what the proba-  
23 bility of success, of coming up with something in this area is,  
24 but we both feel it is worth a try.

25 MR. BURNETT: The one you have struck is a more

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1 abstract project that NRC is pursuing. When I got here and  
2 started reviewing this, I had some difficulty with it in my  
3 mind. I got a briefing on it, and I have seen some tangible  
4 results up to now. It is a young project.

5 So I have talked to Research and I said, on these  
6 first four, which are modeling studies, that I thought it  
7 was premature for me to judge the accuracy of this work. I  
8 was not prepared to turn it off.

9 But at the same time I said, that during this  
10 fiscal year, that is running, if I don't see some product out  
11 of it that will indicate that the final produce is usable  
12 or in truth a usable product, then NMSS will not be the customer  
13 in '79.

14 But I didn't feel I should turn it off right now  
15 because I don't have sufficient data to counsel you that I am  
16 going to have -- I am going to miss or I am going to hit.  
17 That is the way Research is. Isn't it?

18 CHAIRMAN HENDRIE: Bob, let me ask you a question.  
19 Suppose we had some magical ability, to know that if we pursued  
20 a line of research for several years it would get us some useful  
21 results, if you knew that, suppose you knew this project carried  
22 out for five years would produce a genuinely valuable evaluation  
23 technique, methodology, analytical methodology. Okay? If we  
24 had that secret knowledge there would be no question about  
25 supporting it for five years?

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1 MR. BURNETT: Of course, not. There would be no  
2 risk involved. It would just be holding our place until we  
3 get to the top of the line.

4 CHAIRMAN HENDRIE: Unfortunately, we are not equipped  
5 with the secret knowledge either way.

6 How do you establish whether or not projects which  
7 may turn out to require a long development time to go forward,  
8 if they have, you know, if they have sort of year leases on  
9 results?

10 MR. BURNETT: I have also followed a phased program  
11 on a project like that, being somewhat pragmatic I have to be  
12 convinced to go to the next phase, so it is either on a yearly  
13 phase or it is on a perk chart phase. We can look and see  
14 and see if we are getting a result or at least we are establishing  
15 a premise that I am going to achieve a tangible result.

16 So my answer there is, a phased contract effort.

17 It is very hard for me to support it with no codifying  
18 principle coming back to me. I know, I am like Pavlov's  
19 dogs, I have to have some conditioning to get to the end.  
20 If I don't have this somewhere along the contract, I become  
21 very leary.

22 CHAIRMAN HENDRIE: But that sounds more like a good  
23 basis to imagine a technical assistance project than a research  
24 project. You know, there are numbers of intellectual  
25 ventures which have been of enormous value to the human race,

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1 which, had you said, and what is the work product for year 1  
2 that you shows me as a continue for year 2 and at the end of year  
3 2, what is the work product that shows me I should continue  
4 for year 3, it never would have been achieved.

5 MR. BURNETT: I agree. Sir, I have a limited budget  
6 and I can only sky-blue so many things at one time.

7 MR. SMITH: This is why I think --

8 CHAIRMAN HENDRIE: This is the difference between  
9 Research's outlook and the technical -- and the outlook for the  
10 technical assistance work that you control directly in your  
11 office. I think the reason there is one -- one of the reasons, not  
12 the only reason, but one of the reasons there is an Office of  
13 Research is there is some of this work which necessarily is  
14 more speculative, has rather more the academic research aspect,  
15 more of an intellectual gamble, if you will, as compared to a  
16 sort of engineering project think, where you can map out what  
17 is reasonable to do here in the next period of time, and then  
18 we either get pretty close to it or -- and go ahead or we find  
19 we can't and decide what to do then.

20 Research was established in part to provide this kind  
21 of a home, for at least a limited amount of work in the Com-  
22 mission's program.

23 MR. BURNETT: I totally agree with what you are  
24 saying. It is my understanding the recent guidance that has  
25 come down from the Commission has established two vehicles to

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1 run Research. Those with the users and those that are more sky-blue in  
2 nature, that Research has the authority to pursue on their own.

3 All I'm saying, in a line position, that I would  
4 like as amny assurances as possible to produce a productivity  
5 product, and I am not commenting at all in the other areas.

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1                   COMMISSIONER GILINSKY: Do we distinguish  
2 between those two categories of research projects? We  
3 haven't segregated a group and said these are sort of at  
4 the discretion --

5                   MR. BURNETT: No, sir. The way we are working,  
6 I can't comment for other offices, but on projects that  
7 I don't feel that I can support, okay, then I go back and  
8 tell Saul this and then he decides whether he wants to  
9 go through with it on a power research basis.

10                  MR. SMITH: I think clearly in the area of  
11 research, the office of research ought to have the right  
12 to commit funds to research in these areas that perhaps  
13 we don't necessarily see but they do.

14                  We can't tell whether or not the pay-off is  
15 immediate, but it sounds good. It sounds right. And if  
16 it did work, it would be fine. To have an office of research  
17 that could only conduct purely mission-oriented research  
18 orders and agreed to by the line offices, I just don't  
19 think that's a good way to go.

20                  I think he ought to have a certain amount of  
21 budget that is perhaps in the long-range research mode.

22                  MR. GOSSICK: That's reflected in the modified-  
23 user requirement paper I sent down here last week that you  
24 and I and Commissioner Kennedy discussed.

25                  CHAIRMAN HENDRIE: We may be scouting rather far

1 afield from the original subject. This may be more  
2 fun to talk about. Give me the last word.

3 MR. LEVINE: I agree it's been useful  
4 conversation, but as of now, our safeguards program has  
5 a user requirement from every office for every project  
6 we are running. We are not doing any safeguard projects  
7 of our own volition.

8 When the agency started, because we were  
9 disorganized, we started some projects without user support.  
10 They have been given user support. Now all of your  
11 projects are that way.

12 CHAIRMAN HENDRIE: Now back to the cross-cut  
13 business.

14 MR. GOSSICK: One question as to procedure.  
15 I assume we come back with a cross-cut with these things  
16 in various stacks. Is it intended, then, we will still go  
17 through project-by-project? I guess I would like to know  
18 how we are going to proceed.

19 COMMISSIONER KENNEDY: That's a good question.  
20 I would like to know what it is we have to decide.

21 CHAIRMAN HENDRIE: It seems to me that the  
22 commission will have to decide on a statement that can be  
23 published in the Federal Register that says we find  
24 appropriate reason, whatever the right language is, to  
25 carry out the following contractual work in the safeguards

1 area. This work is described in a set of papers which  
2 are filed in the public document room, and with an  
3 appropriate reference number, or whatever, and whether it  
4 becomes a regular report or whatever. And the commission  
5 has to be able to majority-vote on that statement and the  
6 list of contracts to go --

7 COMMISSIONER KENNEDY: So we will will have to  
8 go through the whole list to be prepared to accept them.

9 CHAIRMAN HENDRIE: Well, I think in the sense  
10 that your offices, I see --

11 COMMISSIONER KENNEDY: What i'm going to say,  
12 it's not sufficient to (have said, we like these nice  
13 categorizations and we think these numbers look about right.

14 That's not what we are deciding is -- that batch  
15 of contracts to do this kind of research is okay.

16 CHAIRMAN HENDRIE: That's right. The cross-cut  
17 information which will be a little compilation is a way  
18 of trying to see the overall pattern.

19 MR. CASE: Mr. Chairman, I would be worried about  
20 changes in the future if your approval was that fine. I  
21 don't have much in this, but I don't think I would be  
22 that much concerned about it. But others.-- that's a  
23 pretty tight bound you put on them for a whole fiscal year.

24 MR. BARRY: You end up being a contract review  
25 board, having to review the specifications.

1 CHAIRMAN HENDRIE: I would be delighted to  
2 entertain some less tightly drawn proposition, but I  
3 have to have some confidence that does the council's  
4 office believe it meets the needs of the statute?

5 MR. CASE: It depends to a large degree on  
6 what is put before you.

7 MR. LEVINE: It would see to me there's a  
8 compromise here that might work.

9 One, you could do the categorization you have  
10 requested. Then, instead of having a product list under  
11 that categorization, have paragraphs which describe all  
12 the work, but do not spell out individual projects.

13 That will allow more flexibility in case we  
14 have difficulties and have to change our direction.

15 COMMISSIONER BRADFORD: What is required is a  
16 statement of need. It's not approval of each condition.

17 CHAIRMAN HENDRIE: Well, that's a good question.  
18 No amounts authorized to be appropriate, et cetera, et  
19 cetera, et cetera, may be used by --

20 COMMISSIONER BRADFORD: The statement supporting  
21 the needs for such research study or technical assistance  
22 has been prepared and published by the commission.

23 COMMISSIONER KENNEDY: That's this.

24 CHAIRMAN HENDRIE: The question that I asked  
25 before was, did that require consideration of the

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1 individual contracts, and the answer I got back was yes.  
2 I would be glad to reconsider it on advice of  
3 counsel.

4 COMMISSIONER BRADFORD: It certainly requires  
5 consideration of the subject of the individual contract.

6 MR. GOSSICK: At the risk of being premature,  
7 here's a draft of what is being proposed.

8 CHAIRMAN HENDRIE: Do I read it?

9 COMMISSIONER BRADFORD: If we are going to have  
10 another meeting anyway, wouldn't it make sense to circulate  
11 that?

12 CHAIRMAN HENDRIE: I would think so.

13 What you are saying, Peter, it's like Saul  
14 suggested: here's a category of physical security of  
15 reactors, the contract work, and here's a total. And  
16 contract work under this covers, you know -- and then sort of  
17 short paragraphs representing each contract as they stand  
18 at the moment, but not citing the individual contract to  
19 say we find that to be necessary.

20 COMMISSIONER BRADFORD: It might be useful to say  
21 we find it necessary because -- but, yes -- rather than  
22 saying we find it to be necessary and that the terms  
23 consistent with the contract are all right.

24 CHAIRMAN HENDRIE: So you wouldn't put into the  
25 document room this detailed thing on each contract?

1 I end up with 258 categories.

2 COMMISSIONER GILINSKY: Reactor, physical  
3 security, conditioning --

4 MR. BURNETT: Contingent planning -- it's both  
5 reactors and fuel cycles, for instance.

6 COMMISSIONER GILINSKY: Okay. But these are  
7 two basic dimensions, it seems to me.

8 CHAIRMAN HENDRIE: All right.

9 MR. SMITH: I'm wondering if we ought to try  
10 to come up with some cross-cut pattern and float it  
11 back to the commission real quick to see if you would agree  
12 to it, so when we go through the exercise and come back  
13 again, it would be satisfactory.

14 Is that all right?

15 MR. GOSSICK: Why don't we sent that down to  
16 you?

17 CHAIRMAN HENDRIE: Also, the language of the  
18 proposed finding.

19 MR. SNYDER: If I can make a suggestion, in your  
20 integrated safeguards program you are putting together,  
21 it seems to me this is a vital element of that.

22 Now what do you need to do to organize that  
23 program?

24 MR. SMITH: We are not far enough along.

25 MR. SNYDER: But it would be nice to have the

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1                   COMMISSIONER KENNEDY: He's talking about the  
2 last paragraph.

3                   COMMISSIONER BRADFORD: I have no objection  
4 to putting that in the document. If it is needed to be  
5 changed, it can be changed correspondingly. But It  
6 wouldn't necessarily consider those the --

7                   CHAIRMAN HENDRIE: Finding, inflexible and  
8 binding?

9                   COMMISSIONER BRADFORD: Those themselves are  
10 the statement of need. Is the the frame work you had in  
11 mind or did you figure each of these was in fact a statement  
12 of need for that particular project?

13                  MR. SMITH: For each of these, we have it broken  
14 down in scope, the expected results and the user need.

15                  COMMISSIONER BRADFORD: I guess the user need  
16 is in fact a statement of need.

17                  MR. GOSSICK: That's right, if endorsed by the  
18 commission.

19                  COMMISSIONER GILINSKY: It would be good if we  
20 could have sort of collective judgments. If there are any  
21 disagreements, I would like to know about them. It ought  
22 to be just contracting offices designating the breakdown.

23                  MR. GOSSICK: We will take care of that and bring  
24 it back to you.

25                  MR. BURNETT: Every time I try to categorize it,

1 same categories for your needs as well as the  
2 commission's needs.

3 MR. SMITH: If we can do that, we will.

4 CHAIRMAN HENDRIE: Do we have a problem with the  
5 timing?

6 MR. GOSSICK: No. Everything is on hold.  
7 It's not already on contract and will remain so until  
8 this is out. But, yes, we are delaying things, obviously.  
9 We are not going to jail, according to our legal advice.

10 MR. SMITH: Our program is not suffering very  
11 much from the delay, but it could be.

12 COMMISSIONER KENNEDY: Maybe we can get a legal  
13 opinion on precisely what it is we have to publish in the  
14 Federal Register.

15 CHAIRMAN HENDRIE: Yes, I think we will want  
16 advice into that.

17 Thank you very much.

18 (Whereupon, at 5:00 p.m., the hearing was  
19 adjourned.)

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