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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 12, 1999

The Honorable Frank Murkowski, Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510-6150

Dear Mr. Chairman:

Enclosed are the U.S. Nuclear Regulatory Commission's editorial corrections to the transcript of the September 23, 1999, hearing before the Committee on Energy and Natural Resources on, "Y2K: Will the Lights Go Out?" Corrections are noted on pages 21 and 32.

Sincerely,

A handwritten signature in cursive script that reads "Linda Pottier".

Dennis K. Rathbun, Director
Office of Congressional Affairs

Enclosure:
As stated

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Stenographic Transcript
of Hearings

63

COMMITTEE ON ENERGY & NATURAL
RESOURCES

UNITED STATES SENATE

HEARING ON
Y2K: WILL THE LIGHTS GO OUT?

Thursday, September 23, 1999

Washington, D.C.

MRC

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HEARING ON
Y2K: WILL THE LIGHTS GO OUT?

Thursday, September 23, 1999

U.S. Senate
Committee on Energy and Natural
Resources
Washington, D.C.

The committee met, pursuant to notice, at 9:35 a.m., in
Room SD-366, Dirksen Senate Office Building, Hon. Frank H.
Murkowski, chairman of the committee, presiding.

1 OPENING STATEMENT OF HON. FRANK MURKOWSKI, U.S. SENATOR
2 FROM ALASKA

3 The Chairman: Good morning, ladies and gentlemen. The
4 Committee on Energy and Natural Resources will come to order.

5 I guess the questions we have before us from the
6 standpoint of priority is: Will the lights stay on and will
7 the nukes be safe?

8 For the benefit of those who are wondering what the
9 schedule might be, we are going to have a series of votes.
10 And those votes start any time. Then, after that, there is a
11 hearing that starts any time after that on various aspects of
12 the budget. So we will do the best we can here. And we may
13 find ourselves in a situation where the professional staff
14 will have to conduct a portion of the hearing, which is
15 something that is extraordinary for this committee. But let
16 us just play it by ear.

17 What we are going to do today is hold this hearing on the
18 year 2000 computer potential problem and the potential
19 implications to our electric power industry. I have thrown
20 the questions at you. So I assume, in your presentation, you
21 will respond to them..

22 We have appearing before the committee today witnesses
23 from the Department of Energy, the North American Electric
24 Reliability Council and the Nuclear Regulatory Commission. As
25 many other responsibilities, the Department of Energy has the

1 lead responsibility within the administration, I am told, for
2 the Y2K problem. Is that right, Mr. Glauthier, do you
3 acknowledge that?

4 Mr. Glauthier: Yes, it is, Senator.

5 The Chairman: So we know where the responsibility rests,
6 let the record note.

7 The North American Electric Reliability Council is the
8 industry organization that has taken the lead on this issue.
9 And the NRC has lead responsibility for nuclear powerplant
10 safety.

11 So, gentlemen, we look forward to hearing your
12 presentations this morning and we will probably have some
13 questions for the record. In the interest of time, I would
14 suggest that you begin. And let us start with about 5 minutes
15 each. That will give everybody a shot. And then we will see
16 where we go from there.

17 Who wants to go first?

18 Mr. Glauthier, you have volunteered. Go ahead.

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1 STATEMENT OF T. J. GLAUTHIER, DEPUTY SECRETARY, U.S.
2 DEPARTMENT OF ENERGY

3 Mr. Glauthier: Thank you, Senator. It is an honor to
4 appear before the committee today to discuss how the Nation's
5 electric power industry has been addressing the Y2K problem,
6 and to let you know what the Department has been doing to
7 facilitate these efforts.

8 Mr. Chairman, I can assure you that DOE is closely
9 tracking the industry's progress toward Y2K readiness.
10 Secretary Richardson took part in a recent industry-wide
11 9/9/99 Y2K drill on September 9, at Bonneville Power
12 Administration's control center. And I participated here at
13 DOE headquarters in our emergency operations center.

14 Across the country, some 15,000 people, at 500 utility
15 facilities, participated in that 9/9/99 dress rehearsal for
16 New Year's Eve. The combined efforts of DOE and industry have
17 done much to advance the Y2K readiness of the Nation's
18 electric utilities. The North American Electric Reliability
19 Council, which is facilitating the industry's Y2K readiness
20 process at the request of DOE, has provided the Department
21 with its written assurance that the industry will function
22 reliably through the Y2K rollover.

23 In its latest report to DOE, NAERC indicated that based
24 on data reported through June 30th, over 99 percent of the
25 Nation's bulk electric power system was classified as Y2K

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1 ready or Y2K ready with limited exceptions, and that
2 distribution capacity, serving over 96 percent of the Nation's
3 electricity needs, was reported as being Y2K ready.
4 Eighty-four percent of the Y2K programs of the bulk suppliers
5 and 93 percent of the Y2K programs of public power systems had
6 been audited as of this date.

7 In addition, extensive contingency planning has taken
8 place within the industry, and in coordination with the oil
9 and gas, telecommunications, and transportation industries.
10 While progress towards Y2K readiness has been proceeding well
11 thus far, neither government nor industry can afford to become
12 complacent. Diligent preparation and oversight must continue.
13 Well before the end of the year, all electricity should
14 customers know that their local utility is Y2K ready and that
15 local and national contingency plans are fully in place.

16 The Department's own efforts to facilitate Y2K readiness
17 in the months remaining before the turn of the year will be
18 focused in three main areas. First, we will closely monitor
19 the industry's efforts to tie up the remaining loose ends
20 associated with Y2K preparations. We will continue to work
21 with NAERC, the Edison Electric Institute, the National Rural
22 Electric Cooperative Association, and the American Public
23 Power Association to ensure that bulk power providers,
24 investor-owned utilities, rural cooperatives and public power
25 organizations stay on track to complete their Y2K preparation

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1 efforts.

2 DOE's second area of focus is on public outreach. We are
3 encouraging information sharing and sponsoring spot checks of
4 Y2K preparations at individual utilities. On September 8th,
5 DOE issued a press release that named names of utilities not
6 indicating that they were Y2K ready. We will continue to
7 encourage the associations and individual utilities to step
8 forward and inform their customers exactly how they are doing.

9 Finally, DOE will continue to work with the industry on
10 contingency planning. We have funded a project to model power
11 flows across the national grid under various scenarios for
12 conditions at the time of the Y2K rollover. And we will be
13 monitoring the actual Y2K transition process from DOE's
14 emergency operations center. In the event that unexpected
15 outages occur, we will be ready to offer our assistance as
16 needed.

17 In summary, we are pleased with the progress of the
18 utilities and with the overall percentages that are reporting
19 Y2K readiness. But the job is not done. We cannot be
20 complacent. There are thousands of things that can go wrong
21 in individual powerplants, both in the chips, in the software,
22 and other aspects of those plants. We must continue to test
23 and validate these systems. And industry should inform the
24 public of the status of each individual electric utility.

25 We all must work together -- private industry, industry

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1 organizations, like the Edison Electric Institute, the NRECA,
2 the APPA, State and Federal governments, NAERC, to my left,
3 and others -- to complete the Y2K readiness that has made so
4 much progress so far. In the 99 days remaining, we want to
5 continue our vigilance.

6 Thank you.

7 [The prepared statement of Mr. Glauthier follows:]

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1 The Chairman: Thank you very much, Mr. Glauthier.

2 We have been joined by Senator Bennett, who was
3 previously a member of this committee and has taken the
4 responsibility in the United States Senate to lead the charge
5 on Y2K. What we have here, Senator, is a response by the
6 Department of Energy, who has the responsibility for Y2K, to
7 ensure that the lights stay on and, in the area of nuclear
8 weaponry, that the nukes stay safe. So that is what we are
9 addressing here this morning.

10 We have got, as you know, a series of votes, and then we
11 have a Republican conference behind that. Would you like to
12 make a brief welcome?

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1 STATEMENT OF HON. ROBERT F. BENNETT, U.S. SENATOR FROM
2 UTAH

3 Senator Bennett: Thank you, Mr. Chairman. I appreciate
4 the opportunity to do that.

5 Yesterday, as you know, our committee, the Special
6 Committee on the Year 2000 Technology Problem, released its
7 100-day report. And we had focused on electric power for the
8 obvious reasons. If electricity does not work, nothing else
9 works. So the question of your hearing, Will the lights go
10 out, our answer is almost certainly not as far as a prolonged
11 nationwide blackout is concerned.

12 We found that the 250 bulk power producers that generate
13 most of the power and own most of the transmission lines
14 making up the grid have spent tends, if not hundreds, of
15 millions of dollars on Y2K remediation, testing and
16 contingency planning. Also, as you may hear, the peak demand
17 during the winter months is typically only 55 percent of the
18 demand and generation capacity that is available. So that
19 means that if even 45 percent of the capability were lost,
20 which we think is highly unlikely, there would still be enough
21 power to meet the demand.

22 So the bulk producers are very well prepared. And this
23 is due in no small part to the heroic efforts of the North
24 American Electric Reliability Council, represented here by
25 Mr. Gent.

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1 Now, having said that, there are nearly 3,000 other
2 utilities in North America, each one at a different stage of
3 remediation, some being very well prepared and others not.
4 So, as a result, ~~we~~ concluded in our report that local and
5 regional outages still remain possible. That is not probable,
6 but it is possible. And so for an individual or company
7 residing somewhere in North America, the likelihood of an
8 outage depends on how aggressively your own utility has
9 addressed the year 2000 problem. And declarations of national
10 preparedness will not bring you much comfort if the power
11 happens to go out in your hometown.

12 So, let me just close by highlighting these concerns that
13 we have in our committee. First, 75 percent of the electric
14 utilities do not routinely share their Y2K readiness reports
15 with NAERC and with the public. And we think this portion of
16 the industry should be more forthright in its disclosure.

17 Second, more than 200 of the approximately 1,000 public
18 power companies did not participate in NAERC's survey. And we
19 think this is unacceptable and there should be a public
20 notification of the non-participants.

21 And third, about 20 of the 103 nuclear powerplants have
22 projected Y2K readiness dates in the last quarter. That
23 leaves little time to address unanticipated problems. And
24 many of these plants have not yet announced any contingency
25 plans. I think there needs to be more examination of that.

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1 With that, Mr. Chairman, I thank you for the opportunity
2 of being with you.

3 [The prepared statement of Senator Bennett follows:]
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1 The Chairman: Thank you very much. We appreciate your
2 contribution in this area. You have certainly been a leader.
3 And you are a knowledgeable spokesman for the exposure that we
4 have. Obviously this committee, with its oversight
5 responsibility on the electric industry, feels an obligation
6 to have a hearing of this nature, so that we can, for the
7 record, address the exposures associated with the agencies
8 responsible. And we have them here this morning.

9 Mr. Gent, President North American Electric Reliability
10 Council. It is my intent to continue the hearing and have the
11 professional staff conduct it. And they will proceed with
12 questions. And we will allow you gentlemen to proceed in an
13 orderly manner. Because I think it is important that the
14 record note your testimony and the questions that we will have
15 for you. And I do apologize, but unfortunately Senator
16 Bennett and I do not run this place.

17 Please, proceed.

18 Senator Bennett: It may be fortunate.

19 [Laughter.]

20 The Chairman: Please, Mr. Gent.

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1 STATEMENT OF MICHEHL R. GENT, PRESIDENT, NORTH AMERICAN
2 ELECTRIC RELIABILITY COUNCIL

3 Mr. Gent: Thank you, Mr. Chairman. And it is good to
4 see you again, Senator Bennett.

5 The Chairman: We have three votes. That is the
6 rationale. So I would ask the staff director, Andrew
7 Lundquist, to designate or proceed with the procedure here of
8 conducting. So, go ahead. And staff will work this thing
9 out. We will keep the lights on, I assure you.

10 Mr. Gent: I would like to complement the remarks of the
11 Secretary and Senator Bennett, and maybe modify my oral
12 testimony, to only add to their comments, instead of repeating
13 what they might have said.

14 We believe that, from our work, that the operating
15 entities that maintain the interconnections, or the grids, in
16 the United States and Canada have a attested in writing to us
17 that more than 99 percent of the mission-critical facilities,
18 systems and components are ready right now to operate into the
19 year 2000 without problems. There are another 273
20 organizations listed as an attachment to my testimony that
21 have chosen to disclose their names and their readiness
22 status. And they have provided information to substantiate
23 that.

24 We continue to read about the public's concern that the
25 smaller electric systems may not be prepared. I hope we can

1 allay that concern with the facts. There is a table in my
2 testimony that shows, through the considerable efforts of our
3 partners, that 96.3 percent of all the customers in the United
4 States have systems where their mission-critical electric
5 systems are Y2K ready right now. And by "right now," I am
6 using the last day of June.

7 Distribution systems that serve another 3.2 percent of
8 the customers in the United States have reported that they
9 will be Y2K ready by the end of the year. And if you examine
10 those reports, you can see that most of them are probably
11 ready right now, in the third quarter.

12 We have not received information from one-half of 1
13 percent of the customers' systems. That does not mean they
14 are not ready. It just means that we have not received the
15 reports.

16 The Chairman: You anticipate receiving those reports,
17 though?

18 Mr. Gent: I do not think we will get them all, ever, but
19 I think that the number will increase dramatically.

20 The Chairman: Do you communicate back, and ask them for
21 the reports, or ask them why they have not given you the
22 reports, to ensure that they know that they have got a
23 responsibility in that regard?

24 Mr. Gent: With this kind of public disclosure, it is
25 pretty much impossible for them to not give us the

1 information.

2 If we can talk a little bit more about contingencies, the
3 whole electric industry operates day to day based on
4 contingencies. We have thousands of interruptions and
5 perturbations that go on moment to moment. Many of the rules
6 and operating standards that we have designed also fit very
7 ably into the Y2K type of interruption.

8 So we have asked the operating entities, those that
9 control the grids, to show us that they have Y2K-ready plans.
10 We took a look at the drafts in December. We have looked at
11 the final contingency plans of these entities in June of this
12 year. And I can tell you that all bulk electric entities have
13 Y2K contingency plans.

14 These plans have been coordinated. They have been
15 integrated, both regionally and on a total interconnection
16 basis. The contingency plans are supported by operating and
17 engineering analyses. They have taken into account possible
18 Y2K risk, and risk of the mitigation strategy. So it is just
19 not a matter of them saying yes, we have a plan. They have
20 actually demonstrated that they have a plan.

21 The electric power industry is well prepared for
22 contingencies. As I said, we have modified several of our
23 operating standards to make sure that the Y2K is a
24 consideration.

25 We are going far beyond that, however. I think that you

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1 can read in my testimony, and in the report that we gave to
2 the Department of Energy in August, that we are adding
3 staffing to critical facilities. These are facilities that
4 would not normally be staffed during the transition. We have
5 substations, powerplants, operating centers, and key
6 facilities. These personnel are being trained in their roles
7 and they are practicing their roles in the NAERC Y2K drills
8 and the drills that the companies themselves are having.

9 We are also continuing to hold industry seminars on Y2K,
10 so that everybody can share in the results of the drills. The
11 whole industry runs on communications facilities. We have
12 backup communications. We have mobile radio satellite phones
13 now, internally owned PBX's, cell phones, and other systems
14 that forward electric utilities one, two, three, and sometimes
15 four backup communication systems. And we have practiced the
16 use of these voice communication systems in our drills.

17 As Senator Bennett said, we are committed to putting more
18 generating capacity and resources online over the transition.
19 We normally would probably only have an excess of 20 percent
20 online. I am sure you will see more than that. The plans are
21 being drawn now to do that.

22 Another salient point is that we are considering
23 curtailing short-term maintenance. The system is so large
24 that at any one time lots of facilities are out of service. I
25 think we will make a special effort over the millennium to

1 make sure that all the facilities possible are in service.
2 Obviously, if you have taken something out for a half-a-year
3 outage, you cannot put it back in.

4 And, finally, NAERC is working closely with the
5 Department of Energy. I think that this has been an
6 unprecedented cooperative effort between industry and
7 government. We are also working with the President's Council
8 on Y2K Conversion. And we are developing these interagency
9 information centers and schemes, where we can learn what is
10 going on in other industries that are critical to the
11 infrastructure.

12 We also have a process in place where we will be
13 receiving real-time information from Asia, Australia, Europe,
14 Africa, and other advanced time zones. I think somebody told
15 me that we may have a 21-hour advance on this, and we can
16 actually watch New Year's Eve march across the world and
17 through the time zones in North America.

18 In conclusion, I would like to note that when we began
19 our efforts, many were pointing to the electric utility
20 industry as a likely problem area in the Y2K transition.
21 Today, nearly all informed observers consider our response to
22 the Y2K challenge as a textbook example of effective industry
23 action to address a pressing public concern.

24 Even with this favorable prognosis, however, we recognize
25 that we have a continuing responsibility to the American and

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1 Canadian people to sustain our efforts up to and through the
2 critical dates. My staff will be on duty that night. We will
3 have people manning the government centers here in Washington,
4 both in the Department of Energy and with the President's
5 Council and in our offices in Princeton. We will stay as long
6 as we have to, to see that this works right.

7 I look forward to answering your questions.

8 [The prepared statement of Mr. Gent follows:]

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1 Mr. Useem: Thank you very much.

2 Mr. Miraglia.

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1 STATEMENT OF FRANK J. MIRAGLIA, DEPUTY EXECUTIVE
2 DIRECTOR FOR REACTOR PROGRAMS, NUCLEAR REGULATORY COMMISSION

3 Mr. Miraglia: Thank you. I am pleased to be here on
4 behalf of the Nuclear Regulatory Commission to discuss with
5 the committee the Y2K readiness of the Nation's nuclear
6 powerplants.

7 The Y2K problem has presented the NRC with a unique
8 challenge, because, as you know, the NRC's regulatory
9 oversight and authority does not extend to the Nation's
10 off-site electrical grid system. However, as members of the
11 President's Y2K Council, we understand the importance of not
12 only maintaining nuclear powerplant safety, but of enhancing
13 safe grid operation in the face of the Y2K problem, as well.

14 As to the readiness of the Nation's nuclear powerplants,
15 I have favorable news to report. Based upon our review of the
16 responses from the nuclear power industry concerning Y2K
17 readiness, our independent inspection efforts at all 103
18 operating reactors and our ongoing regulatory oversight
19 activities, we have concluded that the year 2000 problem will
20 not adversely affect the continued safe operation of nuclear
21 powerplants.

22 Regarding our highest priority, the uninterrupted
23 performance of plant safety systems, all 103 nuclear
24 powerplants' efforts are complete, in that no remaining
25 Y2K-related problems exist that can directly affect the

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1 performance of safety systems or the capability for the
2 facilities to safely shut down.

3 As of September 1st, 75 of these plants also determined
4 that all of their computer systems to support plant operations
5 are Y2K ready, and that contingency plans were in place.

6 As of September 1st, there were 28 plants that had
7 additional work remaining on non-safety-related systems.

8 As Senator Bennett indicated, the number is now 20, as
9 has been reported by the utilities. We have ~~some~~ ^{not done} independent
10 verification at those facilities, but the number is down to
11 20.

12 The work to be done are on target for completion to
13 complete the necessary modifications to all the administrative
14 monitoring and power-related systems in advance of the Y2K
15 transition. Based on current information on November 1st,
16 1999, only three plants will have Y2K readiness work
17 remaining. The work remaining for all three plants involves
18 non-safety plant support systems, and an outage is required to
19 complete the work. These outages are scheduled. The
20 readiness work has been planned. And the work has been
21 successfully completed on a sister unit.

22 Our audits, inspection reviews and other oversight
23 activities have not identified any issues that would preclude
24 our licensees from achieving Y2K readiness. These findings
25 are consistent with those recently reported by the Department

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1 of Energy and the North American Electric Reliability Council
2 on the status of Y2K readiness. We will continue to monitor
3 nuclear powerplant readiness as the year 2000 approaches by
4 independently verifying the work completion on the remaining
5 items.

6 Similar to our oversight on nuclear power reactor
7 licensees, we have taken similar actions to provide confidence
8 that materials licensees and fuel cycle facilities also would
9 not be compromised by Y2K problems. But as DOE and NAERC has
10 stated here, notwithstanding these preparations, licensees
11 have prepared contingency plans for each plant to cope with
12 Y2K issues.

13 Additionally, we have a detailed agency contingency plan
14 to respond to unforeseen events related to Y2K problems that
15 could potentially affect one or more of our licensee. This
16 plan was coordinated and communicated with other Federal
17 agencies, as well as provided to the public for comment. We
18 plan to conduct a full-scale exercise on October 15th, to
19 validate the NRC's contingency plan.

20 The NRC remains committed to keeping our stakeholders and
21 the general public informed. We have posted our generic
22 communications, audits and reports on our external Web site
23 for access by members of the public. Additionally, we have
24 kept the public informed about our Y2K activities through
25 numerous media releases, participation at workshops, and

1 public meetings.

2 In conclusion, we have been active in addressing the Y2K
3 problem both internally and with our licensees. We will
4 continue to work both nationally and internationally to
5 promote an awareness of Y2K problems. Our efforts have
6 established a framework that appropriately assures the Y2K
7 problem will not have an adverse impact on the ability of the
8 Nation's nuclear powerplants to safely operate, or safely shut
9 down if need be, during the Y2K transition.

10 I am prepared to take any questions.

11 [The prepared statement of Mr. Miraglia follows:]

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1 Mr. Useem: Thank you very much.

2 I am going to start with a couple of questions and then
3 turn it over to the Democratic staff for their questions.

4 My first question is for Mr. Glauthier. On September
5 8-9, there was a readiness drill. After that readiness drill,
6 Secretary Richardson published a list of utilities that were
7 not Y2K compliant. Can you tell me why they were not
8 compliant, what possible consequences that may have on their
9 supply of electricity and what you are doing with respect to
10 those utilities to bring them into compliance?

11 Mr. Glauthier: Sure. We did put that list out and had
12 24 utilities on the list. About eight of them were bulk power
13 suppliers and the others were local utilities. And in many
14 cases, they were utilities from which we had not gotten
15 adequate information about their Y2K status. So the list was
16 really those systems for which we could not indicate that we
17 had been told they were Y2K compliant.

18 Since then, we have continued to get information from the
19 systems. The group is now down to about 16 for which we do
20 not have information. That does not necessarily mean that
21 they are not Y2K ready, but we are trying to verify their
22 status.

23 We also are concerned that there are other utilities from
24 which we have not heard, and we are still continuing to try to
25 make sure we can identify all the utilities. As we talked

1 about earlier in the NAERC testimony, there are utilities who
2 have not participated in the surveys. So we continue those
3 efforts.

4 Mr. Useem: Now, the utilities on your list are all U.S.
5 utilities, is that correct?

6 Mr. Glauthier: Yes, that is right.

7 Mr. Useem: Now, the U.S. is interconnected into the
8 Canadian grid. Have you and NAERC looked at the Canadian
9 utilities and their readiness with respect to the Y2K issue
10 and the potential consequences on U.S. electricity?

11 Mr. Gent: Canadian utilities, for operational purposes,
12 are all part of one of the three major interconnections, and
13 nationality has no effect on electricity flow. So the larger
14 operating entities have participated actively, as have the
15 U.S. utilities in our survey and workshop work. For the
16 smaller utilities, the Canadian Electricity Association has
17 been handling that in Canada. And they have issued numerous
18 press releases on how they have gone about their find that
19 Canadian utilities, large, small and intermediate, are all
20 prepared.

21 Mr. Useem: Mr. Glauthier, in your statement, you
22 indicate that DOE current authorities in this area are quite
23 limited with respect to DOE's ability to address this issue.
24 Can you tell the committee what your authorities are?

25 Mr. Glauthier: Well, really, the authorities we operate

1 under are primarily ones of trying to facilitate information
2 exchange and cooperation. As you know, there is no mandatory
3 set of reliability standards, for example, in the country.
4 And some of those are aspects of the legislation we proposed
5 on restructuring the industry.

6 At this point, though, the cooperative arrangements that
7 exist and the regulatory requirements that the States have
8 over utilities seem to be working well to engender the kind of
9 cooperation and support that we need for the industry.

10 Mr. Useem: I think that is all I have.

11 Mr. Jennings: I wanted to touch a little bit on the
12 issue of some of the smaller organizations. The rule of thumb
13 seems to be the smaller you are, typically the less well
14 prepared you are, sort of at a gross level. And of the 24
15 utilities -- now hopefully down to 16, released recently -- 16
16 of them were cooperatives or municipals. And I think NAERC's
17 testimony shows about 15 percent of the cooperatives' capacity
18 is not yet ready, and it is sort of quite different than the
19 larger utilities.

20 And in New Mexico, something like 20 percent of our power
21 comes from rural cooperatives. So I wanted to get some more
22 comments on sort of the issue of rural cooperatives. What in
23 particular can be done to help get them ready? Because, at
24 this point, they would seem to be lagging, at an overall
25 level, behind the larger utilities. Could you comment on

1 that?

2 Mr. Gent: I would like to try to deal with that first.
3 I think that is a logical conclusion, when you have no facts,
4 is to assume that large utilities are prepared and small
5 utilities are not. However, as we dig into this, we find that
6 that is not the case at all.

7 It is also true that larger utilities have a lot more
8 electronic equipment than smaller utilities. So a very small
9 cooperative might have far fewer critical components that need
10 to be examined, tested, remediated, and retested. What we are
11 finding is that there is absolutely no relationship between
12 size and preparedness.

13 What we are struggling with is constant requests for
14 reporting from the smaller utilities. We request once and
15 they report. And then, a month later, if they do not report,
16 out of disgust, because they have sent that report in last
17 time saying they are ready, then they might get a bad mark and
18 one might think that they are not prepared.

19 So that is the kind of thing that we are struggling with.
20 But, to repeat myself, we have absolutely no evidence that
21 smaller utilities are not as prepared as larger utilities.

22 Mr. Jennings: What about the cooperatives, per se?

23 Mr. Gent: I do not think that you can separate the
24 cooperatives, per se, from the municipals, from the
25 investor-owned utilities. They all have the same type of

1 electricity in their systems.

2 Mr. Glauthier: I think if I can add one thing, the
3 NRECA, the association representing cooperatives, has taken an
4 active step to try to get the information and to move toward
5 being able to provide a list of those cooperatives who are
6 reporting their Y2K compliance. So I believe, in October, we
7 will see that available, and that that is a good, positive
8 step. We really would like to see all individual utilities
9 identified for their local customers, so that people know
10 which systems really are ready to go.

11 Mr. Jennings: Actually, if I could pick up on that, the
12 one fact I saw, which was actually supplied by the Y2K
13 committee, was there were something like 3,000 utilities, and
14 NAERC's list has about 250 or 300 organizations on it. And
15 there are complex interrelationships between bulk suppliers
16 and local distributors and whatever. How much of that sort of
17 3,000, if you will, is covered by the 270? What sort of
18 interrelationship are most of those 3,000 sort of individual
19 utilities sort of covered by the list that NAERC has?

20 Mr. Gent: Well, if you take a look at what can cause Y2K
21 interruptions, you have the bulk supply network. And if the
22 bulk supply network is not sound, then the small utilities
23 that buy it wholesale from a larger utility that is selling
24 wholesale power cannot expect to have a reliable system. So
25 our first goal was to ensure that the bulk electric supply

1 system was in fact sound.

2 After that, we have relied on our partners -- the
3 American Public Power Association, the National Electric
4 Association -- to canvas their constituents. And I believe
5 that they have canvased virtually all of them except for that
6 they have not received responses from that .5, that one-half
7 of 1 percent that I mentioned in my testimony. So they have
8 the data. It is a matter of disclosure. Utilities are not
9 comfortable with being disclosed. In fact, to get a list like
10 we have presented here has been like pulling teeth.

11 And I think that the Secretary is running into the same
12 problem, but he has the bully pulpit and he is using it quite
13 effectively.

14 Mr. Glauthier: If I could just add on that. I think our
15 feeling is that it is actually going to be very positive for
16 utilities to make this information available, and that
17 increasingly the public is asking for this kind of
18 information. And our hope is that the industry, across the
19 board, will decide that this is in everybody's interest to go
20 ahead and do that.

21 Mr. Jennings: So it is probably reasonable to assume
22 that the 3,000 are pretty well rolled up, from what I am
23 hearing, in the 270 that are there.

24 Mr. Useem: I just have one more question. In terms of
25 your readiness drills and investigations and people saying

1 that they are Y2K ready, have you all looked at the
2 telecommunications system that is linked to it? Because it is
3 more than just the transmission wires. It is control centers
4 talking to each other. Has that been part of the readiness?
5 And is the telecommunications readiness at the same level as
6 the transmission readiness?

7 Mr. Gent: The part that we use is. The answer to the
8 first question is yes, we have actually had some participation
9 in the drills with telecommunications companies. We have also
10 got an inter-industry group that is put together from gas,
11 oil, telecommunications, to try to test out each other's
12 interfaces, to make sure that all of this is going to work.

13 All of these drills have been of enormous benefit to the
14 industry, not just to assure the public that we are Y2K ready,
15 but to test our contingency plans that we normally would not
16 test, to have all these people and drills at one time. He
17 mentioned 15,000 people participating in this September 9th
18 drill. We believe, after a recount, the number is more like
19 25,000.

20 That has never been done before anywhere for any reason,
21 even during wartime. So it has been quite a benefit to the
22 public at large to be assured that our infrastructure works.

23 Mr. Useem: Now, there are several dates, are there not?
24 There is 9/9/99 as a problem date. And there is 1/1/00. Are
25 there other dates like that, that are computer problem dates?

1 Mr. Gent: I think the most obvious is going to be the
2 leap year date, February 29th.

3 Mr. Useem: And are these tests looking at all of the
4 dates?

5 Mr. Gent: Yes. We will stay in business until we are
6 assured that we have passed all those dates.

7 Mr. Miraglia: In terms of contingency planning and
8 communications, in terms of developing our plan, we have
9 emphasized that with our licensees as well as with our own
10 internal communications. We have provided satellite
11 communications for our residents and inspectors. We plan to
12 have inspectors at each of the 103 facilities during the
13 transition. Our response center in Washington will be fully
14 manned. And so we have made provisions for independent
15 communications, to assure communications between the plants
16 and our licensees.

17 Mr. Glauthier: Just to add on that. The 9/9/99 exercise
18 was one where the NRC staff, who were in our control center,
19 actually did use satellite communication for the 22 regional
20 coordinators who had hourly conference calls. So they tested
21 the satellite communication system as well in case any local
22 phone systems were disrupted at all. I think that the
23 telecommunications have been an integral part of this whole
24 process.

25 Mr. Jennings: I have a question for Mr. Miraglia.

1 Previously, I had seen sort of worries or rumors particularly
2 about Russian light water reactors. And I think I noticed
3 some place in earlier testimony you guys had talked a little
4 bit about working with the people overseas, providing advice.
5 I wonder if you could maybe comment on those activities.

✓6 ^{Miraglia} Mr. ~~Seam~~: In terms of our international activities, we
7 have been active on a number of fronts. Working through
8 international organizations, the IAEA, the International
9 Atomic Energy Agency, we have been providing Y2K information
10 and coordinating those kinds of activities. In addition, we
11 have been working with the Nuclear Energy Agency, which is the
12 Economic Community in Europe. And we have been developing,
13 with the assistance of DOE, who has been participating in
14 this, a Y2K early warning system to track issues that may be
15 identified during the transition and to share information.

16 So there has been much on the international arena, not
17 only by the NRC but by DOE and others, as well.

18 Mr. Useem: Gentlemen, I thank you. I apologize for the
19 inconvenience. There may be additional questions for the
20 record which we will send to you.

21 [The information referred to follows:]

22 [COMMITTEE INSERT]

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1 Mr. Useem: Your testimonies will all be included in the
2 record. And with that, I will do the duty. Thank you.

3 [Whereupon, at 10:15 a.m., the hearing was adjourned.]
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