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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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RIC 2014

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26th ANNUAL REGULATORY INFORMATION CONFERENCE

COMMISSIONER WILLIAM OSTENDORFF PLENARY

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WEDNESDAY

MARCH 12, 2014

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The Regulatory Information Conference

convened in the Grand Ballroom of the Marriott Bethesda

North, 5701 Marinelli Road, Rockville, Maryland, at

9:15 a.m., Eric Leeds, NRR Director, moderator.

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

(9:15 a.m.)

MR. LEEDS: Our next presenter will be the Honorable William C. Ostendorff. Commissioner Ostendorff joined the NRC in 2010. Before joining the NRC, Mr. Ostendorff served as the Director of the Committee on Science, Engineering, and Public Policy and was Director of the Board of Science and Technology at the National Academies from 2009 through 2010.

Mr. Ostendorff came to the National Academies after serving as principal Deputy Administrator of the National Nuclear Security Administration from 2007 through 2009. From 2003 to 2007, he served as counsel and Staff Director for the Strategic Forces Subcommittee of the House Armed Services Committee.

An Admiral Rickover interview survivor, Mr. Ostendorff served on six nuclear submarines during his naval career. He has commanded an attack submarine, an attack submarine squadron, and served as Director of the Division of Mathematics and Science at the United States Naval Academy. I am told he has more than just a few sea stories and is willing to tell them to anybody who will listen.

(Laughter.)

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1 Please join me in welcoming Commissioner
2 Ostendorff.

3 (Applause.)

4 COMMISSIONER OSTENDORFF: Well, Eric, I
5 have to congratulate you on surviving at least two
6 stress tests imposed by Commissioner Magwood a/k/a
7 Sage.

8 (Laughter.)

9 One was the adjustment of the podium. My
10 height is very similar to Eric's. I appreciate that.
11 And the response to the Patty Bubar awkward look where
12 the slides are -- Bill, that was terrific.

13 I am very pleased to be with you today. I
14 add my welcome to those of my other Commissioner
15 colleagues from yesterday and this morning. It really
16 is a privilege to be able to address this audience of
17 dedicated professionals, all committed to global
18 nuclear safety.

19 Before I begin my remarks I want to make
20 a few notes of appreciation. First, I want to thank
21 Brian and Eric and their staffs and all involved with
22 the RIC. As other Commissioners have noted, this is
23 a very long-term planning effort. I commend the hard
24 work and the thoughtful, relevant agenda you have
25 prepared.

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1 Second, I want to thank the entire NRC
2 staff. That includes fellow Commissioners and their
3 staffs. As Bill Magwood mentioned, they're not just
4 colleagues. They're also good friends. And this
5 Commission is functioning in a very collegial, friendly
6 manner. And I applaud Chairman Macfarlane for her
7 continued leadership of this body.

8 One final note of thanks and that's to two
9 members from my personal staff. First, Andrea Kock.
10 I don't know if she's here today, but Andrea left my
11 office last year after serving as my Materials Advisor
12 for three years. Andrea was selected last summer for
13 the Senior Executive Service Candidate Development
14 Program and is now serving in a senior position at NRR.

15 Second, Kimberly Sexton, my attorney since
16 2011, is leaving in a few weeks to a key position in
17 Legal Affairs in the Nuclear Energy Agency. I could
18 not have asked for two more high-performing,
19 professional, and collegial individuals. I am most
20 grateful for their hard work and service to the NRC.
21 Thank you, Andrea and Kimberly.

22 This now my fourth RIC as a Commissioner.
23 I want my remarks to be relevant and hopefully offer
24 some insight into the thought process of a
25 Commissioner. Coming to this year's topic did require

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1 some careful reflection.

2 As others have noted before me on this
3 platform, 2013 was a busy year for the nuclear industry
4 and the NRC. Announcements of nuclear plant shutdowns
5 concurrent with progress being made on new construction
6 at five plants sent mixed signals as to the future of
7 the industry. Concerns on the structure of
8 electricity markets, post-Fukushima implementation
9 actions, waste confidence, and the Yucca Mountain SER
10 were also in the news, just to name a few. I will not
11 address specifics. That landscape is very familiar to
12 you in the audience today.

13 My staff and I evaluated several topics
14 related to the Commission and how we function and
15 conduct business as the nation's nuclear safety
16 regulator. That staff discussion concluded in a
17 decision to address how we, the NRC, conduct ourselves
18 as an independent nuclear regulatory agency charged
19 with a nuclear safety mission.

20 When faced with challenging economic and
21 technical issues, court remands, numerous
22 congressional inquiries, and public citizens'
23 concerns, I have tried, as do my fellow Commissioners
24 here, to always chart the right course. I ask, as do
25 my colleagues, are we operating consistent with our

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1 principles and processes as we executed our nuclear
2 safety mission. In evaluating this, I personally
3 looked at three factors that I believe are the
4 foundational attributes of an independent regulatory
5 agency.

6 First, independence, meaning, is the
7 Commission remaining independent of undue
8 influence?

9 Second, technical competence, are our
10 staff meeting and maintaining the highest
11 standards necessary for our industry?

12 Third, transparency, is the agency
13 operating in an open, frank, and candid manner?

14 Starting with independence, I will address the
15 importance of our independence within the U.S.
16 Government structure. At the heart of this is the
17 fact, as Commissioner Magwood noted, the NRC does not
18 report to any other agency within the Executive Branch.
19 That means the NRC is not subject to the supervision
20 of the President or any cabinet officer. But, the
21 President is responsible for appointing the five
22 Commissioners, who, like myself, are confirmed by the
23 U.S. Senate.

24 The Commission is intended to be
25 bi-partisan, as no more than three of us can be from

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1 the same political party. The President also has the
2 responsibility for designating one of the five
3 Commissioners as the Chairman. There is a strong role
4 for the Legislative Branch as well. The NRC receives
5 its budget appropriation each year from the U.S.
6 Congress and is appropriately subject to congressional
7 oversight. We believe that cooperation with and
8 reporting to our congressional oversight committees is
9 absolutely essential to proper accountability under
10 our system of government.

11 Between 2003 and 2010, the Commission
12 averaged one to two congressional hearings a year.
13 However, since Fukushima, we have testified on the Hill
14 at 11 oversight hearings. These are valuable
15 opportunities for the Commission to respond to tough,
16 probing questions from our oversight committees, as
17 well as to speak to the public about the positions we
18 are taking on important safety issues. We therefore
19 welcome the opportunity to testify before Congress.
20 And we are always committed to keeping Congress fully
21 and currently informed.

22 But, we must remain mindful of any instance
23 where oversight could potentially be perceived to cross
24 the line into interference with Commission
25 decision-making. The Constitution establishes a

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1 separation of responsibilities between the Executive
2 and Legislative branches and this principle has been
3 squarely upheld by the court systems.

4 Independence is not just about
5 independence within the government. It also reflects
6 our need to be independent of other outside influences.
7 Rejecting improper outside influence, from any source,
8 is crucial to our safety mission. At the same time,
9 as is enshrined in our Principles of Good Regulation,
10 "independence does not imply isolation." We cannot
11 simply close ourselves off when subjected to criticism
12 from our stakeholders. We must do all that we can to
13 consider those stakeholder interests, including those
14 from the public who do not agree with our regulatory
15 actions.

16 The NRC views itself as a technical
17 organization of dedicated staff regulating nuclear
18 power outside the scope of politics, outside the realm
19 of improper outside influence. While this agency has
20 faced a number of challenging issues over the past year,
21 I believe that we have at all times maintained our
22 regulatory independence.

23 Independence alone, however, does not
24 ensure responsible regulatory decision-making.
25 Technical competence is a key component of this and one

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1 that is of greatest importance to the NRC and to the
2 Commission. The NRC is somewhat unique, in my
3 experience, among many agencies and departments in the
4 Federal Government in that the technical competence
5 inherently resides in our staff. For example, of our
6 engineers, scientists, and technical managers, half
7 have attained post-graduate
8 degrees. There are almost 1200 employees here with
9 masters degrees and over 300 with PhDs. This technical
10 expertise provides the NRC with the ability to make
11 reliable and technically-sound regulatory decisions
12 based on the best available knowledge.

13 But, it also places a great deal of
14 pressure on us to always have the best and the brightest
15 on our staff, and to ensure that they remain that way.
16 In my discussions with new entrant countries, as well
17 as those considering entering the civilian nuclear
18 power arena, I always emphasize that one should not
19 underestimate the work it will take to build, and then
20 sustain, a technically competent workforce.

21 In the United States, we have a few
22 advantages, namely universities that offer top-notch
23 engineering programs as well as the Naval nuclear
24 propulsion program. My 26 years in the nuclear Navy
25 helped shape my views on this topic. I was pleased to

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1 see my colleague, Commissioner Svinicki yesterday,
2 quote Admiral Rickover. Had an absolutely
3 uncompromising commitment to high standards of
4 technical excellence. From my personal experience, I
5 would say that every task on a submarine from starting
6 up the reactor to proceeding to periscope depth to
7 conducting Trash Disposal unit operations is performed
8 by men, and now by women, who have undergone an
9 exhaustive training and qualification program.

10 My staff said I could tell one sea story
11 today. This may be a bit cryptic, but I think you'll
12 get the message. I note that I've got at least four
13 of the people, five of the people from my Naval Academy
14 class that I think are at the RIC, Bruce Hinkley, John
15 Jolicoeur, Bruce Brevard, Elmo Collins and Brad Porier.
16 I saw some of them yesterday. So some of those had the
17 same time experience that I had with the nuclear
18 program.

19 In 1980, when I was qualifying servicing
20 engineer officer, we had to be able to draw from memory
21 and explain the operations of all and I want to
22 emphasize the word all here, primary plant valves and
23 piping in the reactor plant. We spent months
24 committing those to memory and not just to memory, but
25 also to the detailed operational understanding. At

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1 that time and I think this is still the case today, one
2 particular focus was the inter-connections between the
3 reactor air system and the hydraulic system used to
4 operate certain valves. This specific diagram, which
5 I and many others and some of you in the audience have
6 done this, committed to memory was a somewhat
7 challenging task. Like you, I did it, but never had
8 to really use it until the fall of 1986, serving as
9 engineer officer on a special warfare delivery attack
10 submarine. I cannot discuss the details, but simply
11 say that we had a significant incident concerning a
12 failed valve in the reactor plant. I cannot tell you
13 how glad I was, while wrestling with a very challenging
14 safety problem as engineer, to have a firm grasp of that
15 diagram in my mind. And I can attest to these same
16 technical competence standards being upheld at the
17 highest levels at the time of my interview with Admiral
18 Rickover in 1975 through my reports to Naval Reactors
19 as a submarine squadron commander in 1999.

20 The NRC's commitment, like the Navy's, is
21 high and strong. That's a great news story. The NRC
22 focuses a great deal of attention on training and
23 development. The Agency's commitment to career
24 training and development helps maintain the NRC's rank
25 as among the best federal agencies in the federal

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1 government for ensuring that employees' development
2 needs are assessed and appropriate training is offered.

3 Let's take a look at a few examples of this.
4 Our well-trained, and highly competent staff faced a
5 number of difficult judgments in 2013 that really
6 highlighted just how prepared they were. For example,
7 staff in headquarters and the regions worked together
8 to determine that Fort Calhoun and the Honeywell
9 uranium conversion plant in Metropolis, Illinois were
10 ready to safely restart after extended shutdowns.
11 Having been initially placed in Column IV of the Reactor
12 Oversight Process Action Matrix in Fiscal Year 11, the
13 Fort Calhoun Station was later subjected to increased
14 NRC oversight. In December 2013, just three months
15 ago, after more than 23,000 hours of extensive NRC
16 inspections and detailed evaluations to independently
17 review more than 450 restart action items, the NRC
18 reached the technical conclusion that the plant could
19 safely restart. No small accomplishment.

20 The NRC also authorized Honeywell's
21 Metropolis facility to restart operations after being
22 shut down for over a year. As a result of
23 post-Fukushima inspections led by Region II, the NRC
24 identified the potential for a large release of uranium
25 hexafluoride and hydrogen fluoride during a credible

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1 seismic event. Almost a year of evaluation, analysis,
2 and review were required by all parties to determine
3 what modifications were needed to achieve adequate
4 levels of safety. As a result, Honeywell fortified the
5 conversion building and modified the process equipment
6 by adding supports and an automatic shutdown system
7 that they called slam valves that immediately stops
8 operation if an earthquake occurs. There was no
9 blueprint for this type of work. The successful
10 resolution of these issues was the result of a
11 tremendous amount of high-quality work from our
12 regional and Headquarters staff in addition to that of
13 the licensee.

14 Our staff is also overseeing the first new
15 nuclear construction in the United States in over 30
16 years as Bill Magwood mentioned, the two new units at
17 Vogtle, two at Summer, and at Watts Bar 2. The NRC
18 dispatches five resident construction inspectors
19 during the pre-operational phase of construction to
20 oversee day-to-day construction activities.
21 Oversight of construction activities such as pouring
22 of safety-related concrete or assembly of modules
23 requires special skills. Fortunately, we have
24 developed effective recruiting and training programs
25 to ensure that we can deploy appropriate expertise to

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1 almost any situation.

2 I personally place a high value on the
3 NRC's independent analytical capability and its role
4 in supporting realistic safety decisions by the
5 Commission. For example, the Commission is currently
6 deliberating on whether additional study is warranted
7 to assess possible regulatory action to require
8 expeditious transfer of spent fuel from nuclear power
9 plants' spent fuel pools to dry cask storage. The NRC
10 staff provided a thorough and systematic analysis of
11 the potential consequences of a beyond-design-basis
12 seismic event affecting the spent fuel pool. This
13 in-depth technical analysis by the staff provides the
14 Commission with the best available information upon
15 which to base its decision making.

16 The NRC's analytical capabilities have
17 been particularly valuable in supporting new reactor
18 design certifications. NRC staff have conducted
19 confirmatory calculations in areas such as seismic and
20 structural analyses and thermal hydraulic analysis of
21 transients and accidents. These capabilities are also
22 critical to our ability to perform our oversight of
23 licensees' reassessment of external hazards in
24 response to events at Fukushima.

25 The expertise of our regional and

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1 headquarters inspectors also plays a critical part in
2 our safety mission. Just three weeks ago, I had the
3 chance to visit Calvert Cliffs during the refueling
4 outage for Unit 1. I met with NRC inspectors both at
5 the resident office and from Region I, who were on-site
6 to observe an in-service inspection of the reactor
7 vessel head, observe shutdown plant operations, and
8 watch various licensee surveillance activities.
9 These inspectors' role and the oversight of nuclear
10 security and safety cannot be emphasized enough.

11 There are a number of challenges ahead for
12 all of us in this room. Further implementing
13 safety-significant Fukushima lessons learned,
14 overseeing new decommissioning activities, licensing
15 a new generation of nuclear power plants, and
16 addressing cyber security, just to name a few.
17 Successfully addressing these issues requires a staff
18 that day-in and day-out exhibits the highest standards
19 of technical competence. But, we cannot assume that
20 simply because we have technical competence now that
21 we will always have it in the future. And I might add,
22 we should never apologize for having high standards
23 activities. Let us now turn to
24 transparency, the final topic. We, and that's the
25 collective we in this room, we do not occupy a space

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1 where we can say "trust us, we're the government." As
2 explained in our Principles of Good Regulation:
3 "Nuclear regulation is the public's business, and it
4 must be transacted publicly and candidly." Because
5 nuclear energy is not easily understood, the more
6 transparent we are, the more the public can trust the
7 actions we take. President Lyndon B. Johnson once
8 noted, "a democracy works best when the people have all
9 the information that the security of the nation will
10 permit." If we transact our business in an open,
11 frank, and candid manner, that transparency promotes
12 the utmost accountability of our agency.

13 Based on my experience working in and with
14 other agencies and departments in the Federal
15 Government, the NRC is by far the most transparent from
16 my experience. The transparency is truly a hallmark
17 of this agency. We hold over a thousand public meetings
18 a year. We made more than 100,000 documents public in
19 2013. And we are constantly looking for new and
20 innovative ways to communicate with our stakeholders.
21 One of the most striking examples to me is that as a
22 Commission, with a very few exceptions for security,
23 adjudications, and budgetary matters, we make all our
24 votes public. With these votes, we call them written
25 notation votes, you are able to see into the minds of

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1 the Commissioners to find out why we voted the way we
2 did. And most of these are not just checking the block
3 approve or disapprove. These written notation votes
4 can be sometimes be multi-page narratives that go deep
5 into rationales and decision-making considerations.
6 And we benefit from our predecessors here, as
7 Commissioner Magwood noted with Chairman Diaz and Jeff
8 Merrifield and Pete Lyons and Dick Meserve. I am not
9 aware of any other government agency outside the court
10 system that provides this kind of transparency into the
11 minds of the decision makers.

12 A telling example of the commitment to
13 transparency at the staff level is in our handling of
14 the Waste Confidence issue. The directorate
15 responsible for this undertaking holds monthly public
16 teleconference status meetings. It held 13 public
17 meetings all over the country last year with over 1,400
18 people in attendance and they're dispositioning 32,000
19 public comments. These comments will be evaluated and
20 considered in the final rule. I think it's a real
21 success story, irrespective of the outcome of that
22 rule.

23 At the same time that we believe in
24 transparency, I think it is important to acknowledge
25 that even with an absolute commitment to transacting

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1 our business publicly, there are simply some things
2 that are not appropriate to share because of timing or
3 the nature of the issue. For example, while we try to
4 release as much information as possible, it would be
5 inappropriate and in some cases absolutely
6 irresponsible, for the Agency to release ongoing
7 investigatory information, adjudicatory information,
8 or sensitive security information. Thus, there is an
9 inherent tension for an agency committed to operating
10 in a transparent manner. This is not something we
11 should feel the need to apologize for. Rather, we must
12 clearly communicate our rationale and legal basis. I
13 tell you today this is exactly what the Commission has
14 done.

15 I will now conclude. Independence,
16 technical competence, and transparency are key
17 foundational attributes of an independent regulatory
18 agency. I am pleased to note that some of you here in
19 the industry sector also hold these attributes as
20 important in how you do your daily business. It is not
21 enough for us to say that all nuclear power can be
22 operated safely. But trust, whether for the regulator
23 or industry, is earned through our actions responding
24 to these challenges. Therefore, it is our job to work
25 every day to earn the trust of the public. If we all

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1 focus on the safety mission, stay true to our values
2 and steer the right course, we can all together continue
3 to promote that necessary public trust and confidence.

4 Thank you both for the opportunity to speak
5 today and for your kind attention.

6 (Applause.)

7 Before Eric gets into questions, I want to
8 pick up on a comment made yesterday by colleagues and
9 Commissioners Svinicki and Apostolakis where this
10 morning they reiterated the willingness to come to the
11 stage and provide their interpretation and dance of
12 NUREG-2150. So if there's not many questions you may
13 look forward to that opportunity.

14 (Laughter.)

15 MR. LEEDS: Thank you very much,
16 Commissioner. We've got a number of questions for you
17 and let me start. What are your views about the state
18 of affairs regarding cybersecurity for our commercial
19 nuclear power plants?

20 COMMISSIONER OSTENDORFF: This is
21 something that many of you, including myself, could
22 talk about for a long time. This is a really important
23 topic. I'll provide just a few comments. One, and
24 I've been dealing with cybersecurity before I came to
25 the Agency when I was an official at the National

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1 Security Administration, looking at lab security at Los
2 Alamos and Lawrence Livermore, etcetera, as well as
3 working on the Hill.

4 I'm going to make two overarching comments
5 about cybersecurity . One, it's a dynamic. And two,
6 the nature of it is you can never say you're done or
7 you have it fixed. So let me comment on where we are.
8 I think the Agency in 2009 when the cyber rule came out
9 put forth the best plan at the time that they could have
10 with subsequent guidance to come out. I know that the
11 NSIR team has worked very hard in this area. Spent a
12 lot of time looking at how to categorize critical
13 digital assets. Barry Westreich, Rush Felts, Jim
14 Wiggins and others at NSIR have worked very hard to
15 develop a consequence-based approach to evaluating
16 critical digital assets. They've been very diligent
17 in working with industry. Industry has been very
18 diligent working with NRC. Industry worked with NEI
19 on NEI-1310 for further guidance that the staff
20 approved about a month ago.

21 And so I would comment that I think that
22 for people to have believed that this might be easy to
23 do or relatively straight forward they were being a bit
24 naive. This is a hard area. It's an ongoing hard
25 area, but I think the staff's efforts and industry

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1 efforts moving forward on cyber rule implementation are
2 going very well and this should be no surprise to
3 anybody of learning things along the way.

4 MR. LEEDS: Thank you, sir. The next
5 question. What do you think Admiral Rickover would say
6 about the state of our industry today?

7 (Laughter.)

8 COMMISSIONER OSTENDORFF: Well, I'll tell
9 you, even -- and some of you have had this experience.
10 The last time Admiral Rickover went to sea before he
11 retired I was on that submarine, the USS Atlanta,
12 December 1981. And even in his advanced years, he was
13 still standing by his principles and at times salty
14 language. So he might have some salty language
15 excerpts to provide. I think he would comment, on a
16 serious note, Eric, that the challenges the industry
17 is facing are -- are not really technology based at this
18 stage. They're not really based on -- we don't have
19 the way of designing a reactor coolant pump or these
20 valves or fill in the component. I don't think there's
21 any challenges in the technical area, so I think he'd
22 see the good news of the technical sophistication
23 around the world.

24 I think he would comment with interest on
25 the status of the electrical power markets in this

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1 country, with what's happening with shale gas, wind
2 power production tax credits, and would find it a very
3 complex, interesting discussion. But I think he would
4 be proud of the fact that industry, NRC, naval reactors,
5 and the Navy's nuclear fleet are all still today
6 committed to technical excellence.

7 MR. LEEDS: Thank you, sir. You've been
8 on the Commission for a number of years now. What has
9 been your most rewarding aspect of your time here on
10 the Commission?

11 COMMISSIONER OSTENDORFF: Well, I think
12 some of you are familiar with Maslow's theory of self
13 actualization. For those who are not, it's -- you get
14 past the food and shelter and clothing type needs, where
15 do you challenge your brain and your intellectual
16 capacity? I would say that one of the most rewarding
17 pieces is that my colleagues and I get a chance to really
18 deal in a whole host of diverse issues. When I came
19 here from the National Academies, I had no idea we'd
20 be dealing with this set of diverse technical,
21 financial, nonproliferation issues that we deal with
22 on a weekly, monthly, annual basis. So I think that's
23 been an exciting opportunity for all five of us.

24 One of the fun things for me as a
25 Commissioner is a chance to engage my staff and other

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1 Commissioners do this as well, but we sit down in my
2 office and we have a debate, go back and forth on what's
3 the proper position we should take on a given issue.
4 And I'm a big believer in forceful backup as a principle
5 and I have a lot of times my staff disagrees with me.
6 Probably more often than not, the staff wins me over
7 in our internal deliberations. But I'd say that's
8 really to me engaging. It's a great opportunity for
9 me to learn from my team and I think it's just really
10 fun and exciting and it's a privilege.

11 MR. LEEDS: Outstanding. Thank you, sir.
12 For the next question. The United States had
13 historically been a leader in the nuclear power
14 industry, certainly in the United States and in the
15 world. The world has become much more global. In your
16 opinion, what do you see as the NRC's role in the world
17 nuclear environment?

18 COMMISSIONER OSTENDORFF: That's a very
19 thoughtful question and someone asked my predecessors
20 here this morning and yesterday, it could take a very
21 long answer. I'll just comment that our job is not to
22 promote nuclear energy and our job is a safety
23 regulator. I think a great news story, Commissioner
24 Magwood mentioned it this morning is the dynamic
25 relationships we have with our foreign colleagues. We

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1 are all better as a regulator here at the NRC for this
2 international exchange we have with WANO, IAEA, NEA,
3 the various regulatory counterparts around the world
4 many of whom we are meeting with yesterday, today, and
5 tomorrow.

6 So are a better regulator for these
7 international engagements. And I think as long as we
8 keep on talking -- and by the way, I agree with
9 Commissioner Magwood's comments on not supporting a
10 world regulatory authority for the exact reasons that
11 Bill Magwood mentioned. At the same time, we all are
12 better for these engagements, sharing lessons learned,
13 and best practices and I think that's something that
14 absolutely ought to continue.

15 MR. LEEDS: Thank you, sir. With the
16 third anniversary of the Fukushima accident this week,
17 do you have any reflections to share on the actions the
18 NRC has taken to address lessons learned from the
19 accident?

20 COMMISSIONER OSTENDORFF: That's also a
21 big question. Let me briefly comment on three
22 decisions basically that the Commission faced once the
23 near-term task force report was received by us in July
24 of 2011. First, I think the decision and Christine,
25 George, Bill, and I were involved in this. The

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1 decision to direct our staff to prioritize the 12
2 recommendations with 35 subparts, that was absolutely
3 the right thing to do. And the ability to have the Tier
4 1, Tier 2, Tier 3 with Tier 1 being the most safety
5 significant action items taken on first with the
6 greatest staff priority, that was the right thing to
7 do and I think the subsequent three years have proven
8 that to be the case.

9 Second, I think it was the right thing to
10 do to defer action on Recommendation 1 for a period of
11 time. Now the Commission is still deliberating on
12 Recommendation 1. This is a tough issue to wrestle
13 with, but can you imagine where we'd be today if we
14 required action and disposition of Recommendation 1 to
15 be complete before taking any other safety action
16 items? We wouldn't have done hardly anything.

17 The third piece and this is a credit to our
18 staff, I'm not going to single out a lot of names, but
19 I'm going to mention three of them, the decision to have
20 a steering committee, led by Marty Virgilio and then
21 now by Mike Johnson, the JLD led by Dave Skeen. Those
22 internal management decisions have brought the regions
23 into play, Headquarters into play, industry into play
24 in a way that has required this great interface
25 interaction give and take.

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1 I'm going to make this guesstimate, but a
2 thousand times the amount of time has been spent since
3 the near term task force report came out in July of 2011,
4 that went into making that 90-day report. Charlie
5 Miller and team did a great job on that report. One
6 of the staff members involved in that report, Amy
7 Cabbage is on my staff now. So I have a lot of praise
8 for that 90-day effort, but the devil is in the details
9 and the need to engage the public and industry and
10 others on how to move forward. So I think the Steering
11 Committee piece from a management perspective was a
12 real smart move and I think Marty and Mike have done
13 a terrific job there.

14 MR. LEEDS: Thank you, sir. Next
15 question, two-part question. What gives you the most
16 confidence about the future of safe nuclear generation
17 in this country and what gives you the most concern?

18 COMMISSIONER OSTENDORFF: Well, the
19 confidence is I think the shared commitment by industry
20 and the regulator to doing the right thing. I visited
21 just in the last eight weeks Calvert Cliffs, Sequoyah,
22 Watts Bar, Comanche Peak. Other Commissioners and
23 colleagues visit plants all the time as well. And
24 across the board and I'll include Nuclear Fuel Services
25 in there out in Tennessee, across the board, my

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1 experience has been that everybody is coming to work
2 every day wanting to do the right thing, wanting to
3 uphold safety principles. That commitment is clearly
4 there.

5 The concern is it's easy to take that for
6 granted, to become complacent. And it requires
7 leaders working every day to ensure that's not the case.
8 So that's the concern. And that leadership effort is
9 not easy.

10 MR. LEEDS: Thank you, sir. I hate to
11 point fingers, but this question came from the
12 audience, so I'll ask it. In recent years, Navy just
13 continuously defeats Army in football.

14 (Laughter.)

15 That means nine classes have graduated
16 from West Point having never beaten Navy in football.
17 Do you think there is room for leniency here?

18 (Laughter.)

19 I don't make these up, sir.

20 COMMISSIONER OSTENDORFF: Let me respond
21 in two ways in that. I have season tickets to Navy
22 games, along with some other people I've mentioned
23 earlier. Class of '76 and I've already mentioned the
24 names of those classmates who I have seen here at RIC
25 so far, we did not beat Army our first year. So we

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1 really had a plebe year. For those who are not familiar
2 with the -- Bruce is laughing up here
3 -- when you don't beat Army in December of your plebe
4 year, the rest of the year is not very pleasant.

5 So we can kind of puff up our chest and hold
6 our head up a little bit higher and say yeah, we had
7 a real plebe year because we did not beat Army. So the
8 current Navy class and the last nine have not been
9 defeated. They may have lost out on some character
10 building.

11 (Laughter.)

12 I had a son who was in the Army for five
13 years. He was not a West Point grad. He was ROTC
14 commissioned officer, but I would like to see a little
15 bit more balance in the relationship.

16 (Laughter.)

17 MR. LEEDS: Leniency. All right. Thank
18 you.

19 I received a couple of questions. I'm
20 going to try to combine them on this issue of
21 independence. The questions go to the heart of -- and
22 let me try to combine them. If the Commission truly
23 functions independent of undue influence, why didn't
24 the Commission's budget request funds necessary to make
25 a final decision on Yucca Mountain and it seemed that

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1 the closure of San Onofre was led by congressional
2 members. Can you comment on these issues?

3 COMMISSIONER OSTENDORFF: I appreciate
4 your starting out with the two noncontroversial
5 examples.

6 (Laughter.)

7 So let me talk about Yucca Mountain real
8 quick. All I'm going to say is the Commission has a
9 process to go through to make decisions in the budget.
10 We made a decision in the November 18, 2013 order
11 responding to the D.C. Circuit Court's writ of
12 mandamus, direction to staff to complete the Safety
13 Evaluation Reports for Yucca Mountain to make them
14 available publicly.

15 As other Commissioners noted, that work
16 will take about a year from January of this year. Every
17 Commissioner gets a vote. The Commission made a
18 decision to not request additional funds and I respect
19 that decision.

20 With respect to San Onofre and I was going
21 to tell you that the Commission has been intensely, I'm
22 using that word intentionally, on purpose, engaged and
23 involved in deliberating on how to proceed forward, how
24 to respect our internal Commission procedures, how to
25 follow the law. This Commission, under Chairman

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1 Macfarlane's leadership has sent three letters to one
2 of our congressional oversight committees that has
3 outlined in detail the legal rationale for our
4 decisions. We released a tremendous amount of
5 documents. Some we have not released. And we believe
6 the basis for that holding back some of these documents,
7 a small number is based on sound, legal advice from the
8 Department of Justice and consistent with our
9 separation of powers. I'll stop there.

10 MR. LEEDS: Thank you, sir. The next
11 question. You've characterized yourself as a nuclear
12 operator, at least in your background. So what does
13 your background bring to the community in terms of
14 training, operations, and the culture of safety?

15 COMMISSIONER OSTENDORFF: Along with many
16 others in this audience, that went through the Navy's
17 nuclear program, we all went through a training
18 qualification regiment that I thought at the time and
19 still to this day was very rigorous. I'll give you one
20 example. Lieutenant JG on USS George Bancroft,
21 SSBN-643 Gold, this was back in 1978. I had recently
22 qualified as engineering officer of the watch. We're
23 at sea. Not running drills, but answering an increase
24 to the propulsion plant and the throttlemans opens the
25 throttles too fast prior to the reactor operator and

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1 this was a S5W plant shifting main coolant pumps. And
2 we had a power to flow scram. So all the control rods
3 in the bottom, I said what the heck happened here?
4

5 Well, we went out, the engineer officer
6 came back. Got watch release, went to the ward room,
7 had a very detailed critique of what happened and it
8 was not a firing line prosecutorial type atmosphere.
9 It was just what are the facts? Went around the room.
10 It's all recorded on paper. There's not any beating
11 of fists on the table or chewing anybody out for making
12 an error. We wanted to learn what mistake was and go
13 forward from there.

14 That was followed by written instant
15 report which I got a chance to write since I was the
16 engineering officer watch at the time to Admiral
17 Rickover. Obviously, went through a lot of iterations
18 with the engineering commanding officer. But that to
19 me, I guess I was 23 at the time, talked a lot about
20 hey this business on the nuclear propulsion program
21 takes very seriously learning from mistakes, not
22 beating the tar out of somebody that screwed up,
23 learning, training, and moving forward. And I thought
24 that, to me, was my first introduction to the Naval
25 reactors instant report system, but also one that stuck

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1 with me for many years and to this day. I share that
2 with you because I think those attributes of self
3 critique, learning, training, learning from our
4 mistakes and moving forward is not just a Navy thing.
5 It's also part of industry and part of the NRC.

6 MR. LEEDS: Thank you, sir. Just a few
7 more questions.

8 COMMISSIONER OSTENDORFF: Are you guys
9 ready for your dance outfit?

10 MR. LEEDS: As you noted, the NRC staff is
11 highly competent in their technical disciplines.
12 However, the staff often seems to struggle when faced
13 with new technologies or issues for which there are no
14 precedents, leading to a much longer review time. What
15 can the Commission and the NRC management do to help
16 streamline these processes while maintaining the NRC's
17 adequate protection oversight and responsibilities?

18 COMMISSIONER OSTENDORFF: Well, that is a
19 problem, but it's not a problem that can't be somewhat
20 mitigated or somewhat solved. New technologies are
21 always scary. I know in April 2010 when I went into
22 Watts Bar, was the first commercial nuclear power plant
23 I visited when I became a Commissioner. I walked into
24 the control room and I was surprised to see all the
25 analog technology. I saw a few digital meters, but not

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1 much.

2 I know that the industry, somewhat because
3 of the NRC's conservatism on new technologies has made
4 some decisions that might not otherwise be made. All
5 I'll tell you is I think that the staff is doing a very
6 credible job to seek out discussions, engagement with
7 vendors, designers, licensees to have a give and take
8 early in the process to ensure that everything that can
9 be thrown out on the table up front as potential issues
10 that those things are well identified. I think in the
11 NRO Office, whether it be for regular commercial
12 light-water reactors, SMRs, they've done that and
13 continue to do that under Glenn Tracy's leadership, so
14 I think staff is working and doing what they can to have
15 those discussions early on to lessen the delays that
16 might otherwise occur.

17 MR. LEEDS: Thank you, sir. A final
18 question. Do you think the NRC has been making
19 appropriate progress on the Fukushima recommendations?
20 Is there anything that should be accelerated or
21 deferred?

22 COMMISSIONER OSTENDORFF: There's three
23 questions there. Yes, we're making appropriate
24 progress. No, I don't think there's anything that
25 should be accelerated. And deferred, we're waiting on

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1 Tier 3 recommendations from the staff. But I'm very
2 happy and pleased with the efforts being made by the
3 NRC staff and industry on the entire Fukushima regime.
4 I think it's been a very positive story. I don't think
5 the story gets told enough. Thank you, all.

6 MR. LEEDS: Thank you, Commissioner.

7 (Applause.)

8 MR. LEEDS: Commissioner Magwood, I found
9 the clicker for your slides.

10 Everyone, we've got a break now until 10:30
11 and then we'll have the Directors' Plenary Session. So
12 I look forward to you coming back by 10:30. Thank you.

13 (Off the record.)

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