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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ALL EMPLOYEES MEETING ON "THE GREEN"
PLAZA AREA BETWEEN BUILDINGS AT
WHITE FLINT

PUBLIC MEETING

Nuclear Regulatory Commission
White Flint North
Rockville, Maryland
Thursday, September 3, 1998
Thursday, September 3, 1998

The Commission met in open session, pursuant to notice, at 1:37 p.m., Shirley A. Jackson, Chairman, presiding.

- COMMISSIONERS PRESENT:
- SHIRLEY A. JACKSON, Chairman of the Commission
 - NILS J. DIAZ, Commissioner
 - EDWARD McGAFFIGAN, JR., Commissioner

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P R O C E E D I N G S
[1:37 p.m.]

MRS. NORRY: I would like to welcome everyone to the all-hands meeting afternoon edition. In addition to the headquarters staff, we have the regions and the Technical Training Center, who are seeing this on video for the first time. We also have audio connections with all of the resident sites. All of those people in addition to the people here can ask questions following the remarks of Chairman Jackson, Commissioner Diaz and Commissioner McGaffigan.

I would like to say that the officials from the National Treasury Employees Employees Union are sitting over there in the second row.

We have a lot of questions that were submitted in advance, as we asked you to do. We are going to see to it one way or the other that all of those questions get answered. If they don't get answered in today's sessions, we will have some mechanism to provide answers to them.

I'd like to also say that, similar to last year, this meeting is intended to address the new directions of the agency. We will not be discussing specific personnel policies or practices or working conditions. We will, however, have a meeting in October, which will be a joint labor-management partnership meeting where we will be able

to answer those questions, including some of the ones that you submitted in advance.

To read the questions that you are going to submit today, we have Amy Siller and Keith Everly.

Chairman Jackson.
CHAIRMAN JACKSON: Thank you, Mrs. Norry.
Good afternoon. With me today are my colleagues NRC Commissioners Nils Diaz and Edward McGaffigan, Jr. On behalf of my colleagues and myself, I would like to welcome

10 all of you to this special meeting of the Commission with
11 the NRC staff. I welcome both those of you here in the tent
12 as well as those who are connected by videoconference or
13 telephonic hookup from the regions.

14 These all employees meetings, as they are called,
15 have become an annual tradition at the NRC since 1991. They
16 are intended to stimulate and to facilitate direct
17 communication between the Commission and individual members
18 of the staff on mission-related policies and initiatives; to
19 clarify the Commission's agenda; to engender a shared
20 vision; and to motivate the staff in pursuit of that vision.

21 This year, as you know, the Commission actually
22 moved the date of this meeting forward because we
23 specifically wanted to solicit staff input during this time
24 of transition.

25 I suppose that some of you, perhaps many of you,

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1 have been thinking that the time of transition has been with
2 us for several years, and that in fact would be an accurate
3 thought, but the pace certainly has accelerated in a number
4 of areas in recent months.

5 So let me begin by thanking all of you on behalf
6 of the Commission for your professionalism, for your hard
7 work, and for the dedication that you have exhibited under
8 what I'm sure for many of you have been trying times.

9 As you know, the NRC has been the subject of a
10 number of recent external reviews both from our
11 congressional appropriations and authorization committees,
12 the General Accounting Office, and other stakeholders.

13 In fact, on July 17 the Commission invited a
14 number of its stakeholders, including some of our harshest
15 critics, to engage in a round table discussion that was open
16 to the NRC staff, the press and the public.

17 On July 30 the Commission testified in a hearing
18 before the Senate Committee on Environment and Public Works
19 Subcommittee on Clean Air, Wetlands, Private Property, and
20 Nuclear Safety. That's our authorization subcommittee. I
21 can never remember the name.

22 These interactions have provided the Commission
23 with beneficial insights. Although the recent feedback has
24 provided a very valuable range of perspectives on the
25 strengths and weaknesses of NRC regulatory programs and

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1 policies, these general topics also have been the focus of
2 various Commission and staff efforts and initiatives for
3 sometime.

4 Some of the particular areas of focus include
5 providing a more rapid transition to a risk-informed and
6 performance-based regulatory framework.

7 Reexamining our reactor oversight processes,
8 including inspection, enforcement and performance
9 assessment, to ensure a proper safety focus, to enhance the
10 objectivity and defensibility of our methods, and to
11 eliminate unnecessary licensee burden.

12 Ensuring that some of our frequently used
13 processes such as generic communications and confirmatory
14 action letters are subject to proper controls.

15 Streamlining our licensing and adjudicatory
16 processes.

17 Ensuring the overall effectiveness of our
18 organization, management and self-assessment capabilities,
19 including a reevaluation of staffing and resource needs.

20 A consistent thread that has run through various
21 critiques is the need for us to be clear with our

22 definitions, our standards, and our requirements.

23 Now I'm sure that many of you have read various
24 trade press articles or have heard discussions that have led
25 you to ask, what does all of this mean? Where are we headed

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1 as an agency? What does it mean for me?

2 I would like to make several points in this
3 regard.

4 First, we should remember that change can be good.
5 Many of you may remember that when I spoke to you at an all
6 employees meeting in 1996 I shared my vision, which included
7 the need for NRC to position for change.

8 In fact, we were in the process of active change
9 when some of the external reviews began, including
10 Commission initiatives such as the revisions of 10 CFR
11 50.59, the integrated review of reactor assessment
12 processes, the revisions to 10 CFR Part 35 and Part 70, and
13 the new registration program for generally licensed devices,
14 as well as the changes to agency-wide planning and
15 budgeting.

16 These and many other initiatives had been in
17 various states of gestation before the recent focus on the
18 NRC, but they have not yet come to fruition. The recent
19 external interests and focus have proven then to be useful
20 in highlighting areas in which we need to accelerate change,
21 as well as in revealing new areas that need additional
22 attention. These changes will have an effect on the entire
23 agency and will not be limited just to the reactor oversight
24 program areas.

25 Although the short-term focus is predominantly in

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1 the reactor arena, it is important that we all understand
2 that we will be assessing and changing how we do business
3 throughout the NRC.

4 Today I would like to focus your thoughts briefly
5 on the importance of what I have called holding the center.

6 Let me emphasize at the outset that holding the
7 center does not -- I repeat -- does not mean adopting a
8 defensive posture or clinging to the past. What it does
9 mean is not losing sight of our primary health and safety
10 mission while enhancing our effectiveness by changing. It
11 means continuing to stay focused on that mission as we make
12 the transition from a traditional deterministic approach to
13 a more risk-informed and performance-based approach to
14 regulation.

15 So how do we go about achieving change in a
16 responsible manner? I've discussed this topic with the
17 agency senior managers, and today I offer some strategies
18 for your consideration which are drawn in part from a
19 presentation made to the Commission by the Office of
20 Research last month. What was presented was striking,
21 because it seemed to indicate that the presenters got it, at
22 least as articulated in the meeting.

23 So what are these strategies?

24 First, we need to be sure that we have articulated
25 clearly and correctly our vision, our goals, and our

8

1 requirements.

2 We must use risk-informed thinking and techniques
3 throughout the agency as a means for ensuring a proper
4 safety focus.

5 We should encourage a team concept both within and
6 among offices, which means avoiding a stovepipe mentality,

7 because, after all, we all are one NRC with one mission.

8 We must encourage agency-wide thinking that is at
9 once proactive and anticipatory, that is outcomes and
10 results oriented, that is timely and that is cost effective.

11 We should use what some call process mapping,
12 which, simply put, means thinking about how we do things and
13 the best way to do them, as a tool to establish efficient
14 functional relationships and to eliminate duplication of
15 effort.

16 We should build on our current strengths, which
17 rest primarily with our people, but also on our programs and
18 processes even as we change them.

19 We must have management and staff buy-in, which is
20 the reason we are all here today and why the Commission is
21 here today.

22 In addition to these overall high level
23 strategies, we also should be using a series of what I have
24 called implementing strategies. They include, for example,
25 developing reasonable thresholds for decision-making in

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1 areas of potential high risk or safety significance.

2 Conducting continual self-assessment and
3 soliciting feedback from those we regulate and from our
4 other stakeholders.

5 Assessing -- and this is hard to do -- whether our
6 requirements achieve their intended purpose.

7 Equally hard, sunseting activities when they are
8 no longer relevant for regulatory purposes.

9 These are examples of strategies for achieving
10 change in a manner that ensures that we are holding the
11 center, that is, identifying and preserving our core or
12 baseline requirements as we change to be more effective in
13 accomplishing our fundamental mission.

14 Let us take reactor oversight processes as an
15 example. That has been an area of a high degree of recent
16 focus. As I have discussed with NRC senior management, we
17 should ask and answer the following series of questions
18 which apply actually not just in reactor oversight, but more
19 broadly.

20 (1) Within a risk-informed framework, what is the
21 minimum level of inspection or assessment or licensing
22 oversight that will continue to give us confidence that
23 licensed facilities are being operated and maintained in a
24 safe manner?

25 (2) What processes and methods must we establish

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1 to achieve a risk-informed baseline as effectively and
2 efficiently as possible?

3 (3) What core competencies and resources must we
4 have to implement those processes?

5 (4) What measures are necessary that will tell us
6 when we have succeeded?

7 (5) How can all of this be achieved in the most
8 timely and most cost-effective manner possible.

9 It is important that we establish this framework
10 expediently and reasonably. To repeat, our objective is to
11 be more effective. That's not saying that anyone has done
12 anything wrong, because no one has done anything wrong, but
13 our objective is to be more effective in accomplishing our
14 public health and safety mission by being risk informed, by
15 being performance based or results oriented, and by being
16 cost effective.

17 If we truly move to a program with these
18 characteristics, appropriate burden reduction in fact will

19 occur, burden reduction for ourselves even, but certainly
20 burden reduction for those we regulate, because being risk
21 informed means that there will be burden reduction in areas
22 of low risk just as it may entail increased focus in areas
23 we previously may have underemphasized. In the end, we will
24 impose no more but no less than what is required.

25 Before I close, I would like to offer all of you a

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1 few watchwords of which to be mindful as we continue to
2 improve, the three C's -- confidence, courage and
3 conviction.

4 We need to be confident that our new inspection,
5 assessment and enforcement programs provide objective
6 criteria and consistent methodologies for providing
7 reasonable assurance of public health and safety, and that
8 they accomplish what they are designed to accomplish. We
9 can achieve these goals through being risk informed, by
10 obtaining input from all of our stakeholders, and by
11 rigorously challenging the expected outcomes and potential
12 weaknesses of all of the options that we consider.

13 We need to have the courage and the discipline to
14 implement fully and consistently our new programs as they
15 are developed and formally adopted. We need to build an
16 assessment function into each of the programs and processes
17 to allow early self-identification of performance results
18 that are not consistent with effective public health and
19 safety regulation. We need to self-initiate course
20 corrections to our programs based on our own
21 self-assessments as well as external inputs before our
22 various stakeholders feel compelled to attempt to force a
23 change on us with the attendant potential for overreaction.

24 We are the foremost nuclear regulatory body in the
25 world. We should be leading change in response to a

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1 changing external environment, and because we have new tools
2 and new approaches to allow us to better define safety, to
3 better articulate it, and to implement our programs in new
4 ways.

5 We have to have the conviction and the objective
6 evidence to argue the merits of our programs and policies
7 when challenged. We will be much more effective at
8 resisting the pendulum effect and therefore in maintaining
9 regulatory stability if we are willing to change ourselves,
10 and in changing, to defend the soundness and the
11 effectiveness of our programs as they evolve.

12 I believe I can speak for my colleagues when I say
13 that the Commission encourages the staff to communicate
14 directly with us when you have concerns. The Commission's
15 open door policy is always there. I would encourage you to
16 use that avenue if you have a public health and safety issue
17 to which you feel NRC management or the agency as a whole is
18 not properly responding. And more broadly, as we are making
19 these changes in our various programs and in our whole
20 approach, the Commission is open to your suggestions for
21 improvement.

22 In closing, I would like to disabuse you of the
23 view that some may have that we are jumping off the bridge
24 in reaction to criticism from the Congress or from other
25 stakeholders. We are doing what we need to do. We are

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1 finishing what we started.

2 The changes we make will be made because they are
3 the right things to do, all predicated on safety first and

4 foremost, but we will be smarter and better at how we carry
5 out our mission. We should be excited -- I fact I'm excited
6 -- and energized in our belief that these changes will allow
7 us to have an even better safety focus, to be clearer in our
8 expectations for our licensees and for ourselves, to reduce
9 burden where it is appropriate to do so, to be responsive to
10 all of our stakeholders in a responsible way.

11 In its criticism the Congress has provided us with
12 a platform to accelerate our movement in a direction we know
13 we must go, a direction we ourselves had decided we needed
14 to go.

15 We talk a lot and you'll hear more talk today
16 about risk and risk assessment. But there is a different
17 kind of risk we must assume. Drawing on the watchwords that
18 I mentioned, I ask you to keep the following in mind about
19 risk. This is a quote given to me by a member of my staff.

20 You cannot discover new oceans unless you have
21 courage to lose sight of the shore.

22 So I ask you, please help us stay focused on
23 safety, have confidence, work hard, remain committed,
24 maintain your conviction, and above all, have the courage to
25 change.

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1 That concludes my preliminary remarks, but before
2 taking questions, I am going to call upon my colleagues
3 Commissioner Diaz, and following him Commissioner
4 McGaffigan, to share some of their insights and thoughts
5 with you.

6 Commissioner Diaz.

7 COMMISSIONER DIAZ: Thank you, Chairman Jackson,
8 and good afternoon. First, I would like to preempt any
9 thoughts you might have and I'm going to come right out and
10 say that I agree with the direction, the trends and the
11 policies that Chairman Jackson outlined this afternoon. I
12 think it is very important to realize that the Commission
13 has actually been working in establishing this framework and
14 we are in it together.

15 I think it's important as we start these processes
16 to realize the different kinds of fears and anxieties that
17 everybody has. I know that the staff has more anxieties
18 that have been created by the oversight committees or by
19 GAO. They in fact are probably a major source of your
20 anxieties, and that's probably all right. We want to make
21 sure you know that we know that, that we are working to try
22 to work together to make the anxiety level risk informed.

23 [Laughter.]

24 COMMISSIONER DIAZ: And to have some
25 proportionality to outcomes, and we are very conscious of

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1 all the things that you do with it.

2 It is kind of hard to repeat yourself, because I
3 look to put thoughts and not read them. I think it's
4 important to realize that there is one thing that we have to
5 be concerned with, one thing we have to fear, and that is
6 the fear to change. That is something that becomes natural,
7 but in this case it is not reasonable and not healthy.

8 We know that we can change. It is not something
9 that just came out in the last two months. We know that we
10 have learned enormously in the last few years. We know we
11 have been developing the tools. We know we have the
12 expertise. We know it can be done. Sometimes what is
13 missing is a little bit of an incentive. I think that a lot
14 of the incentive you might think had been external to the
15 Commission.

16 I think that is true, but also there has been a
17 lot of internal discussion and a lot of thought and a lot of
18 work among the Commissioners to come up to what the Chairman
19 has stated as what I will call a road map of policies and
20 directions that actually fits where the agency should be
21 going.

22 I've used the words "risk informed." This morning
23 I wasn't prepared to even mention why I use the words
24 frequently. I use this with my staff. There are many times
25 in an assembly or a factory where there are many big wheels

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1 and they take the attention; they make the noise; they are
2 big gears. But there are some little gears that you
3 introduce in the assembly that regulate the speed and
4 transmit the force from one place to another.

5 I firmly believe that risk information is such a
6 gear. It is one that will actually help us do regulation
7 better, with less burden, and will eliminate the
8 inconsistencies that presently exist. You might look at it
9 as an extra gear. It is not. It is a natural gear. It's a
10 component of what we do, and think of it in mathematical
11 terms. Think of it as what you want to do when you want to
12 regulate. You want to regulate safety and health, you want
13 to have an independent variable that is directly
14 proportional to what you are regulating, and in our case
15 that is risk. By assessing risk, using risk, implementing
16 risk assessment, we are actually directly going to perform
17 our function better.

18 I believe that we can do this. Probably I'm an
19 optimist. I have now spent two years with many of you,
20 sometimes in the open, sometimes in brainstorming, in
21 strange hours of the night. I am convinced that we know how
22 to do what we have set up in front of us. I think the
23 commitment to do it is what becomes the bottom line.

24 I have a comment on the issue of openness. It
25 just happens that this issue has been worrying me, and I

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1 thought I would just throw it out right here.

2 Last week I was on an elevator. A member of the
3 staff, I would say middle level, said hello. I said hello.
4 And I said, I haven't seen you in a long time.

5 He said, it is verboten.

6 I said, what do you mean by that?

7 He said, it is verboten for me to come and see
8 you.

9 And I said, I do not understand what that means.
10 Not in this society, not in this agency.

11 It is not verboten to come to see a Commissioner.
12 I think the Chairman was very emphatic on that point. That
13 is an issue that should be laid to rest. There is no way
14 that anybody will be looked at in a bad light because you
15 come to see a Commissioner.

16 The other thing is not true. Sometimes a
17 Commissioner has more difficulty in going to see the staff.
18 I do understand there are management directives and things
19 that come into play so that things will be done in a proper
20 way.

21 I think sometimes the ability to come and sit down
22 and talk is very opportune. I am not a very disciplined
23 person. So occasionally I intend to tackle these structures
24 and show up someplace, and if somebody says you need to go
25 and check a line, I won't do it.

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1 [Laughter.]
2 COMMISSIONER DIAZ: I made a comment this morning
3 that we always are asking our licensees, do you have a
4 questioning attitude? I always get bothered by the term
5 because I still don't know what means. But the bottom line
6 is that it is obvious to everybody that the staff has a good
7 questioning attitude, and if they don't have it, they should
8 be developing it, because it is right with the times. The
9 Commission has a good questioning attitude. I think there
10 is no doubt that we question a lot.

11 I think that parallel to the idea of questioning
12 and addressing processes is the idea of solutions. This is
13 where I think we need to put them together. We need to put
14 a solution track parallel to our ability to analyze, to
15 create technical arguments. It is how we arrive at
16 solutions and how we implement it.

17 I would like to conclude by saying that I am
18 committed to work with my fellow Commissioners and with
19 every one of you to make this agency better.

20 Thank you.

21 COMMISSIONER MCGAFFIGAN: The Chairman asked me to
22 talk a little bit about the congressional environment in
23 which the agency finds itself and the future of
24 congressional interactions between the agency and the
25 Congress.

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1 What I said this morning, and like Commissioner
2 Diaz, I will not exactly repeat it, the congressional
3 attention is not going to go away. There is a 15-year
4 period where we have not had an authorization bill. I would
5 predict that next year we will get an authorization bill.
6 Certainly in the next Congress we will get an authorization
7 bill. I regard that as an opportunity.

8 As I said this morning, there are some
9 long-festering issues that, because the Atomic Energy Act
10 never gets amended to fix them, we sort of try to live with
11 within our regulatory framework. We have very good lawyers
12 who try to square circles for us, but the best way to deal
13 with some of these issues that have been long festering is
14 to straightforwardly say how we would amend the law in
15 various places.

16 I won't get out ahead of the Commission, but in
17 areas such as antitrust reviews it's absolutely clear that
18 the Commission does not think there is a lot of value added
19 compared to all the other folks who are already involved in
20 antitrust and have a real specialty there. There are other
21 places as well.

22 The Congress, as I said this morning, is 535
23 individuals, but a single individual can make a large
24 difference. I think Senator Domenici has made a large
25 difference in our life. He's a very tenacious Senator. I

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1 know him fairly well.

2 His staff is very, very capable, among the most
3 capable in the Congress, and they are going to continue to
4 ask hard questions. They will have the questioning attitude
5 that Commissioner Diaz and the Chairman have talked about.

6 We are going to have to come up with answers to
7 the questions. I think some of the questions are very fair
8 of us. I'll make a transition to another part of my remarks
9 this morning. I think it is very fair to ask us about the
10 timeliness of our processes.

11 Two years ago when I first appeared before you,
12 having been here all of two months and spoken to what I

13 refer to as the 40 wise people who I had interviewed for my
14 TA positions, it already had struck me that the time
15 constants of this agency are not compatible with the time
16 constants of an industry undergoing restructuring and
17 getting into a competitive environment.

18 The old model was ponderous utility dealing with
19 ponderous state utility commission dealing with ponderous
20 Nuclear Regulatory Commission. That model is not going to
21 be adequate in the 21st century, and it's under obvious
22 stress today.

23 At the moment we do extraordinary things to try to
24 keep some of our most important processes timely.

25 I see some of the people in the audience in dry

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1 cask storage. Mr. Kane is trying to do extraordinary things
2 to get some dual purpose canisters certified.

3 Sam Collins did extraordinary things -- I
4 mentioned the top, but it is all the staff under them -- in
5 getting AP600 across the finish line.

6 Yesterday at the Commission meeting we heard that
7 Gary Holahan and Ashok Thadani are going to be doing
8 extraordinary things to try to keep risk-informed licensing
9 actions on track.

10 In license renewal we have some extraordinary
11 processes set up to try to meet the 585 day time line, which
12 we darn well better meet, to get the safety evaluation
13 report and the environmental impact statements for Oconee
14 and Calvert Cliffs completed.

15 Improved standard tech spec conversions. Last
16 year, an issue having been brought to our attention that we
17 were being untimely, we provided some additional resources
18 to the staff early in the fiscal year so that we could get
19 back on track on improved standard tech spec conversions.

20 The task is trying to make the extraordinary the
21 ordinary for this agency. We have to find a way to make
22 decisions reasonably promptly. I think we can.

23 I've been in government, like most of you,
24 essentially all my life. Since May of 1976 I've served
25 continuously in government.

22

1 When I worked in the Congress for Senator Bingaman
2 we had to make certain schedules. If you weren't ready, you
3 missed your opportunity. At the start of the year we talked
4 about what it was that we were going to try to accomplish in
5 that year's defense authorization bill. We had lists like
6 the lists that Mr. Callan has submitted to the Commission.
7 We would go through the hearing process and come May we
8 would make judgments as to which of those things we could
9 get done and which we couldn't in the markup. We might save
10 some for the floor, and then we would try to get things
11 through conference.

12 Senator Bingaman's expectation of me was that for
13 a lot of this New Mexico stuff I better be batting close to
14 a thousand. And for some of the extraordinary stuff, trying
15 to restructure the strategic defense initiative program and
16 break it down into its component parts, getting a good
17 debate going was regarded as a sufficient outcome. And on
18 some we just wouldn't make it; we would not get it done.

19 I think you get to a good first order judgment
20 fairly quickly, and maybe at times it's worth getting to the
21 second order term in the equation. I think that arguing
22 endlessly doesn't serve the agency well. We do have that
23 reputation.

24 Since this morning, one of my staff has called my
25 attention to a letter to the Chairman from Mr. Colvin. We

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1 are getting a lot of help these days. It is dated August
2 28. He is sort of is trying to add to our tasking several
3 items, one of which is his rulemaking petition submitted in
4 1995 on quality assurance flexibility, 50.54(a), I believe
5 it is. "Why haven't I gotten an answer on that?"

6 I know from reading staff documents carefully that
7 the rulemaking activity plan had told us we were planning to
8 deny that a year ago, and now we are planning to grant it in
9 part, and we are going to get a paper fairly soon.

10 We really don't need to argue for three years
11 about what the position is. We've got to find a way to make
12 these decisions, at least to first order, fairly quickly,
13 and the have a dialogue and get on with it.

14 I think that is the big challenge. I think the
15 big challenge is finding a way to make good, sound
16 regulatory decisions on a more prompt basis. It is a
17 challenge that other regulatory agencies, health and safety
18 agencies also face. The Food and Drug Administration has to
19 make extraordinarily complex decisions. Yesterday it was
20 tamoxifen. Last time I had to address a public meeting it
21 was the use of thalidomide for leprosy.

22 These are not easy choices, and yet they make them
23 with the help of advisory committees and using their best
24 judgment, and they make them under pressure from Congress.
25 When I was in Congress I did not cover FDA issues, but there

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1 was a lot of pressure from Congress to make prompter
2 decisions in the food and drug area. FDA has met that
3 challenge in the recent years.

4 The good news for you all is if we meet the
5 challenge, I think we will get some budget stability. That
6 does not mean that we will in every instance agree with the
7 Nuclear Energy Institute or with UCS or with any
8 stakeholder, but if we can just make a good faith effort at
9 getting our processes to work more rapidly, making good
10 decisions, making them more risk informed, as both the
11 Chairman and Commissioner Diaz have talked about, I think
12 you can then get some stability back into our budget.

13 I hope all of you are following the documents very
14 closely. Commissioner Diaz talked about openness. Mr.
15 Callan's memo of August 25, COMSECY-98-024, is out there.
16 It's there for you to read; it's there for other
17 stakeholders to read. This Commission is increasingly going
18 toward putting documents that we are voting on out there for
19 people to see, what it is that we are voting on: 50.59; the
20 Part 70 rulemaking. It is an increasing trend, so that you
21 do know what decisions are before us. Not only the external
22 stakeholders, but they are available for you as well.

23 So why don't I leave it at that and look forward
24 to the questions.

25 CHAIRMAN JACKSON: Thank you.

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1 We did ask for and receive questions sent to the
2 Commission ahead of time, but we especially want to hear
3 from those of you who have taken the time to come to talk
4 with us. So we are happy to take any questions and we will
5 try to answer any and all of them as straightforwardly as we
6 can. So why don't we begin.

7 Is there a question from the audience?

8 QUESTION: This is a question from Region IV. I
9 would like to know if any of the Commissioners have ideas

10 regarding what NRC employees can do to help the American
11 public understand the value of our agency. With the current
12 budget trends, I am concerned that we will be less able to
13 address moderately important safety issues or proactively
14 implement long-term safety improvements for high
15 consequence, low probability issues.

16 Is there anything that the NRC employees can do to
17 better communicate the impact of the budget cuts to the
18 American public so that they will encourage their
19 congressmen to more carefully consider this issue?

20 CHAIRMAN JACKSON: I think the appropriate focus
21 in terms of our communication with the public is on what our
22 health and safety mission really is, not in the context of
23 talking about the money, but within the context of what our
24 role really is. I think all of the things that all of us
25 have spoken to you about are part of in fact sending that

26

1 message.

2 It has to do with being clear on what our
3 standards and requirements are, being clear on how we have
4 assessed the risk and risk significance of various
5 activities among those we regulate, making a judgment that
6 we can defend, being clear in our requirements related to
7 those judgments relative to our licensees, and making people
8 understand how we go about reaching our decisions.

9 A second way is for us to be, as Commissioner
10 McGaffigan says, less ponderous about how we do our
11 business, to get on with it. There are rulemakings that
12 I've come to find out began seven years ago, and somehow we
13 never reached a resolution on them. They kind of died on
14 the vine, and then the whole context changes as to why these
15 rulemakings may have been relevant in the first place.

16 We hear the phraseology "justice delayed is
17 justice denied." Well, a decision delayed is a decision
18 denied. When we do that kind of thing -- it may not seem to
19 be answering this question -- we lose the thread of why we
20 were doing something in the first place.

21 That is all part of communication. So if people
22 don't understand on a continuing basis why you are doing
23 what you do, what your standards are, understand that you
24 get things done, you can communicate all of these things
25 clearly, then it is very difficult to come around if one

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1 feels under duress and look for saviors.

2 We can't operate that way. We need to be clear on
3 what our own baselines are. Then we have a responsibility
4 and I have a responsibility as the Chairman to communicate
5 that clearly, not just to the public, but to our various
6 stakeholders, including the Congress. That is what we in
7 fact intend to do, but it has to be predicated on our being
8 clear on what we need to do and being about the business of
9 doing it.

10 Commissioner Diaz.

11 COMMISSIONER DIAZ: I kind of see two parts of the
12 question. I think the first part could be interpreted very
13 broad in the sense of how we do our public communications
14 better. I think this is something that we all need to be
15 very conscious about. I think the Commission spent a year
16 looking at that issue. It can work at any level in the
17 Commission.

18 The issue of communicating externally to the
19 Congress, I think that we have good channels to do that.

20 However, there was another part of the question

21 that implied that we might be in a certain way impacting on
22 what I have been calling the health and safety envelope. I
23 don't think that is correct.

24 I think the Commission stands ready to defend what
25 our mission is in maintaining and protecting the health and

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1 safety envelope. We are not talking of reducing or cutting
2 or impacting on the health and safety envelope. We are just
3 saying that we can do things more efficiently while
4 maintaining that health and safety envelope.

5 CHAIRMAN JACKSON: We sharpen our focus in doing
6 it. I agree with the Commissioner.

7 Commissioner McGaffigan.

8 COMMISSIONER MCGAFFIGAN: I will try to answer the
9 question. An individual employee of the Commission in a
10 region trying to affect congressional process that happens
11 over a very brief period is darn close to impossible.

12 The Commission and the National Treasury Employees
13 Union, putting in a plug, did a very good job when
14 confronted with the \$70 million cut earlier this year in
15 communicating rapidly when we thought the safety envelope
16 was indeed threatened and making clear what the implications
17 of a cut of that magnitude that rapidly was for the agency.

18 I think that you sort of have to rely on the
19 Commission and others who are right here in Washington
20 watching the process as it involves in the Congress -- and
21 hopefully we will not face a surprise cut of that magnitude
22 again -- to represent you.

23 I do agree with Commissioner Diaz and the Chairman
24 that we really aren't talking at the moment about this \$16
25 million cut that we have facing us; \$17 million if you

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1 include the pay raise.

2 As best we can tell we are not affecting the
3 health and safety envelope. It is going to be stressing; it
4 is going to require changes, as both the Chairman and
5 Commissioner Diaz have talked about change, but we think it
6 can be accommodated by improving our processes and by
7 stopping doing some things. As I said this morning, we are
8 going to do less inspection and probably less assessment and
9 a few other things that we are working through in the budget
10 process at the current time.

11 CHAIRMAN JACKSON: Another question.

12 MS. FRATTALI: I am Sandra Frattali. I am an NTEU
13 steward, but I am speaking now as a former member of
14 Research. Currently I'm a member of NRR, but most of what I
15 am going to say is based on my experience in the Office of
16 Research. It has to do with the emphasis on risk based. As
17 far as I can tell, I thought we were sort of doing this all
18 along. I don't remember ever not considering any of this in
19 any rulemaking I've ever done.

20 I would also like to ask a question of our
21 perception of what is risk and what we can document and what
22 we study and what the public will see as risk and what the
23 Congress persons will see as risk. Many years ago we put
24 out rulemakings that were definitely important and lowered
25 the risk on the public, and people said, well, we don't have

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1 to justify this to the public. We know we are right; we
2 know we are doing this for the health and safety of the
3 public; we don't have to justify it. Now we are talking
4 risk, and we are saying, well, we're not going to do this
5 because the risk is low.

6 How do we get this risk-based,

7 performance-oriented concept over to the public so that they
8 understand that we are doing our jobs?

9 To some extent it goes along with the previous
10 question and the answers to the previous question.

11 I'd also like to make a quick remark about the
12 length of time that things take in this agency. My
13 experience has frequently been hurry up and get this done,
14 and I've watched staff break their necks to get something in
15 only to have it sit around, not necessarily because it was
16 ignored, but because there was another fire that was a more
17 important fire that had to be put out, and somehow or other
18 the balance was never maintained. These are things, I don't
19 know that they will ever be solved, but I would not like to
20 see them lost in the shuffle.

21 How does the agency function, I guess is my
22 question, under these constraints?

23 CHAIRMAN JACKSON: I'm glad you asked those two.
24 I take them as two questions, one direct and one implied.

25 First of all, I think it is fair to say that

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1 obviously the agency has considered risk. That undergirds
2 whatever activity, rulemaking, et cetera, the agency
3 undertakes.

4 What we are really talking about is having a shift
5 in the mind-set in terms of systematically recognizing and
6 making use of available risk assessment methodologies and
7 tools to quantify risk in a more refined way than we have
8 done heretofore, to evaluate relative risk in a more defined
9 and coherent way, to organize work within the agency that
10 way, to have that at the basis of rulemakings we do, to have
11 it at the basis of how we inspect, how we enforce, and how
12 we assess over a longer term, and to have all of these
13 things aligned the same way. Not to have this being done
14 this way and this being done that way and that being done
15 that way and that being done that way. That is at once both
16 a method to be clear about what risk-informed -- not risk
17 based -- regulation means, to be systematic about it, and to
18 provide a built-in mechanism to prioritize what one does,
19 and to have a built-in mechanism to have coherence and
20 synchronization of agency programs.

21 But let me go on, if I may. You talked about the
22 length of time and people hurry up and wait because there is
23 another fire to put out. The other part of what we are
24 talking about and where we have invested a lot of time where
25 there was some initial resistance is in developing a

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1 coherent and overall framework for planning that involves an
2 ability to prioritize, to organize the work.

3 Not everybody is going to be able to see this, but
4 here we are. We can think of ourselves as NRC. We are this
5 mass. We have a bunch of activities that we do. So at any
6 given time there are any number of tasks that people have to
7 do. In comes some new, emergent issue, and everything
8 jiggles around the shape and goes somewhere.

9 But lately, here comes something called planning.
10 So the initial response is, oh, oh, I had four tasks. Now I
11 have a fifth. It's called planning. I have this fifth task
12 called planning. But in fact it better not be. It is how
13 you organize the work in the first place.

14 It is how you go about prioritizing what you do,
15 folding in, even planning our own work, not just at the
16 basis of a regulation; a risk-informed approach to learn how
17 to really organize and develop plans for getting the work

18 done so that if in fact there is an emergent issue -- you
19 can call it a fire -- it is not destroying the whole
20 framework and fabric of what you are doing.

21 That is how you address that, but it requires an
22 investment and an understanding that there are tools for
23 doing it and that you have to commit to learning them and
24 making use of them, and I believe those two things in fact
25 address being systematic about using risk assessment

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1 methodologies and really meaning and appreciating and
2 believing what it means to have a coherent planning and
3 budgeting process.

4 That is how you deal with this, and to have this
5 synchronization and alignment of what we do here, and you
6 don't have the stovepiping and you don't have, "well, I'm
7 doing my project on X" and "I'm doing my project on X" and
8 "I'm doing my project on X," and never the twain shall meet.

9 But it also means doing things from the simple to
10 the profound. When we are talking about making a transition
11 in terms of the systematic use of risk assessment
12 methodologies, and even some of the planning, it is
13 profound. But there are some simpler things, things that I
14 think all of us know about and have discovered.

15 I will give you two examples. One of my favorites
16 was the business process reengineering effort that had
17 started when I got here. There was a lot going on and it
18 was very focused on acquiring technology software. For a
19 while it scrambled around and spent some money.

20 There was a focus on trying to do a pilot and
21 getting certain fundamental answers, and in the end there
22 was a particular class of materials licenses that were being
23 looked at and how long it took to get the reviews done, and
24 the reviews went as part of the BPR from being 18 days to
25 less than a day. But I never forget being totally struck by

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1 the fact that the 18 days to one day essentially was due to
2 just consolidating the guidance that people used, and the
3 one day to the half a day or less than a day had to do with
4 the deployment of and use of the information technology.

5 That's not to say it wasn't a lot of effort to do
6 it, but it is simple in the sense of it being the right
7 thing to do.

8 Another is where you have regulations here and
9 branch technical positions there and generic letters there
10 and they all kind of cover some part of the waterfront, but
11 they may not even agree with each other. You all know where
12 that is more than I do; you know where that is more than my
13 colleagues do.

14 There are any number of those things that are
15 built in that can save us time and at the same time make
16 sure we don't lose our safety focus. We need to be trying
17 to be more solutions oriented and being about getting those
18 kinds of things done.

19 That's aside from any litany or list of specific
20 tasks that the Commission may ask or approve for the staff
21 to do. These are just the most straightforward things that
22 you are empowered to help us get done.

23 Thank you for asking the question.
24 Commissioner Diaz.

25 COMMISSIONER DIAZ: I think the question has two

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1 parts. I'm going to hate what I am going to do right now,
2 but I'd like to tell you that I fully agree with what
3 Chairman Jackson said.

4 [Laughter.]
5 CHAIRMAN JACKSON: You love it. Thank you.
6 COMMISSIONER DIAZ: I think that was a very good,
7 clear description of what the role of risk information is.
8 So that it won't become a habit for me to agree
9 with Chairman Jackson, I will not make any comments on the
10 second question.

11 [Laughter.]
12 CHAIRMAN JACKSON: Thank you very much,
13 Commissioner.

14 COMMISSIONER McGAFFIGAN: I'll agree with the
15 Chairman. I agree with everything she said about
16 timeliness. I think on the risk side, the one that has
17 bothered me, and I've said it before, is with the backfit
18 rule there and with an industry deregulating and trying to
19 save money. We get this message all the time in these staff
20 workshops: we are only going to make risk informed work and
21 have it be coherent if industry wants to do it on a
22 voluntary basis.

23 The backfit rule does provide very powerful
24 protections to the industry. We are not going to be able to
25 make them all get quality PRAs.

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1 If parts of the industry want to live within the
2 prescriptive, deterministic set of rules we have at the
3 moment and have had historically, I think they will have
4 sufficient protection by the backfit rule, unless we waive
5 it, to stay there.

6 So there is a little bit of incoherence that will
7 come in all likelihood from pursuing risk information.
8 Should that stop us from doing it? No. But we just have to
9 be realistic that we may well have parallel processes, and
10 we have to make the risk-informed process attractive.

11 I think the great success story we cite in all
12 letters to the Congress about risk-informed,
13 performance-based regulation is Option B to Appendix J of
14 Part 50 on containment leak testing. It was voluntary.
15 They all can stay under Option A.

16 I actually once read Option A, and I couldn't
17 understand why anybody would want to stay under it, but we
18 left it on the books and it was a voluntary initiative
19 because that's what backfit required. But that was so
20 attractive, I imagine that the 103 plants still operating --
21 I hope all 103, but certainly 100 -- are under Option B at
22 the current time.

23 The challenge as we go forward in a risk-informed
24 framework and making Part 50 risk informed is to make that
25 an attractive option.

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1 We had a Commission briefing yesterday led by
2 Mr. Thadani where the staff straightforwardly and honestly
3 acknowledged the criticism that we have at the moment, that
4 the way we have gone about risk informing our reactor
5 regulations has been uneven thus far and has met criticism,
6 and the staff has some ideas as to how to resolve the
7 problems that have come forward. That is just a slight dose
8 of realism.

9 CHAIRMAN JACKSON: Is there another question?

10 MR. RADDATZ: Madam Chairman, I'm Mike Raddatz. I
11 work with the Spent Fuel Project Office, to your left, way
12 in the back. I think a part of Ms. Frattali's question got
13 missed, and that is that one of our major stakeholders is
14 the public, and we deal with the public in our work in

15 transportation and storage. Risk informed, performance
16 based, I might as well be giving the average member of the
17 public a lecture in differential equations. They don't get
18 it.

19 I have yet to find any program within the agency
20 that assists us in informing and educating what it is and
21 how we do it. If you try to explain to a member of the
22 public that your risk is less than ten to the minus eighth,
23 they glaze over. Yet we avoid comparisons with other
24 industries. Any other hazardous waste material is avoided
25 like the plague. We don't go there. We stick with ours.

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1 Yet there is a difference between the risk that
2 you speak of, and that's real risk versus perceived risk.
3 I'm an engineer. I work in real risk, but the perceived
4 risk is extremely high. Most of the people I work with are
5 just now starting to figure out that the public's perception
6 of how dangerous it is is driving us. If the perception is
7 going to drive it, then no amount of regulatory oversight or
8 no amount of leniency or risk-informed work with our
9 applicants will do any good at all, because the public does
10 not understand.

11 What can we do as an agency to at least give it
12 our best shot at explaining what the basis for our arguments
13 are and why we are here?

14 CHAIRMAN JACKSON: From my perspective, there are
15 a couple of things. First of all, it is very difficult to
16 educate others before one is educated and clear oneself. So
17 what I've been arguing is that in fact we have some work to
18 do in house in terms of becoming more internally consistent,
19 not only in our requirements and how they play off against
20 each other or hang together in and of themselves, but in how
21 we implement our programs relative to those requirements.
22 That's the first part.

23 A second is we have to become better communicators
24 ourselves. There is a public communications initiative that
25 we are undertaking to try to accomplish some of what you are

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1 speaking to.

2 Commissioner Diaz has had some significant
3 involvement in giving some of his insights to that
4 initiative. So I'm going to let him speak with you in a
5 second.

6 The third involves in fact perhaps investing more
7 in our own people to help in that regard.

8 Once we are clear, that allows us to talk about
9 relative risk. We have to be careful as regulators that we
10 are not seeming to imply a primacy of nuclear activities
11 over others because it is less risky in some way, but we
12 just have to be clear on what the risks really are.

13 I think sometimes we are our own worst enemies
14 because of our own lack of clarity in terms of how we talk
15 about what we do. So I think there in fact is a lot that
16 can be done in that regard.

17 I am going to defer to Commissioner Diaz.

18 COMMISSIONER DIAZ: I agree, Madam Chairman, and
19 Mr. Raddatz. I do believe that sometimes we get enamored
20 with how technical we are and how good we do the work. I
21 think that is very good, and it's critical.

22 But we also have to become good at expressing what
23 we do. Not to become defenders of nuclear power or any such
24 thing, but to actually clearly communicate with the public
25 what are the risks in the normal decision-making, sometimes

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1 when the inspectors make reports and how they are
2 interpreted and when events happen and when the decisions
3 are made.

4 I can see kind of a feedback loop, and part of the
5 feedback loop will actually impact on budgets, on realities,
6 and how we are perceived is how we present our work and how
7 clearly we can communicate how we are trying to regulate
8 risk.

9 COMMISSIONER MCGAFFIGAN: I might just add that I
10 think we have to learn from experience and we have to
11 propagate that experience within the staff. At times,
12 sitting at the top of an organization, there is so much
13 information streaming to us that we see things that you
14 probably don't. I'll cite some success stories in
15 communicating risk.

16 I was reading the press clips today or yesterday
17 -- I can't remember which -- about the meeting the staff had
18 about moving the Haddam Neck reactor vessel down to
19 Barnwell. There was some very clear communications of risk
20 in that circumstance.

21 I forget whether it was the staff or the licensee,
22 but it was implied that we endorsed it, and that the cask as
23 it moves its way in this concrete encasement, that the
24 highest dose that one would get is 5 millirems per year.
25 Then a person talking to the public in this public meeting

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1 tried to put 5 millirems per year into the context of a
2 round trip flight across the United States from Washington
3 to Los Angeles by air.

4 We do a little bit of that in the NRC video. I'm
5 not sure how many of you have seen it, but there is some
6 attempt to convey some risk information. I showed it to a
7 bunch of sixth graders last year when I did my duty as a
8 parent in Arlington County, at Williamsburg Middle School.

9 The State of Connecticut has done an
10 extraordinarily good job on these offsite releases from
11 Haddam Neck, the cinder blocks that may have gotten into
12 people's homes, trying to convey what the risk to the public
13 is there.

14 I think there are success stories in trying to
15 talk about risk in terms that your mother might understand
16 or the average member of the public might understand. A lot
17 of that is putting it into the context of background. That
18 seems to be a very successful approach.

19 One of the things I've come across as I've tried
20 to communicate about this with people is it's surprising how
21 few folks realize there is background radiation.

22 We had a discussion with a bunch of Montgomery
23 County school teachers sponsored by Mr. Beecher. One of the
24 teachers was a nuclear navy wife. So she was very well
25 informed about radiation and background radiation. Her

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1 husband had assured her that she gets more radiation as she
2 sits at home than he gets on the nuclear submarine.

3 The notion that flight attendants -- I've heard
4 this from Mr. Paperiello -- and flight crews generally are
5 more exposed on average than nuclear power plant workers.
6 They are getting something on the order of 300 or 400
7 millirems per year as an occupational dose because of the
8 flights they take. That is not widely known.

9 I think trying to put some of this stuff into
10 context is terribly important, and I think we do have to
11 collect success stories. The Connecticut cases are among

12 the best successes. They are not all our doing. It's the
13 State of Connecticut and the State of Connecticut's Public
14 Health Department that has done a very good job in some of
15 the Haddam Neck cases.

16 But wherever we get a success story we need to put
17 it together and disseminate it and let you all think about
18 it, because you get the chance to communicate with the
19 public just as much as we do if you volunteer in your
20 schools or do any other public speaking or just talk to your
21 neighbors.

22 CHAIRMAN JACKSON: Let me make two further
23 comments, because this kind of question comes up a lot.

24 First, a key strategy, of course, is to
25 demythologize what we do as well as the risks associated

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1 with the activities that we regulate. So one could argue
2 that a strategy of generalized openness always helps because
3 the more people know, the less they fear.

4 But let's not make a mistake. If there were not
5 risks that needed to be bounded and controlled, we would not
6 be here as a public health and safety agency. So we should
7 not fall into that kind of a trap. Therefore, one could
8 argue that a key part of allaying the fears of the public
9 has to do with our own credibility.

10 Our credibility then allows the public to believe
11 that by virtue of what we do, of our value added, that risks
12 are kept at a level that are acceptable from the point of
13 view of protection of public health and safety based on the
14 best information and the best techniques that we can apply.
15 That in fact is what we are talking about in terms of some
16 of the changes that are under discussion and are subject to
17 a number of the initiatives today.

18 Thank you very much for the question.
19 Is there another one?

20 MR. MENDELSON: My name is Barry Mendelson. I'm
21 with FCSS. I have a comment and a question. Let me make my
22 comment first.

23 I recently was reading some material about the
24 origins of the Atomic Energy Act and discovered that
25 apparently the Congress did not discuss very much public

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1 health and safety aspects of the NRC when they debated that
2 act.

3 I don't disagree that we are primarily a health
4 and safety agency, but there is another aspect of our work
5 too which is not public health and safety and deals with
6 common defense and security. I don't believe that anybody,
7 despite efforts in the past to do this, has come up with any
8 meaningful way of treating safeguards issues from a
9 risk-informed viewpoint. It always has to be somebody
10 making a judgment call as to what those things are.

11 My question is not really related to that. Madam
12 Chairman, you mentioned investing in the staff. Prior to
13 coming to the agency some 20 years ago I was doing
14 cost-effectiveness analysis for the aerospace industry, and
15 I'm quite aware of the fact that the more and better the
16 risk analysis you do, the more expensive it is to do that
17 analysis. It takes resources.

18 It's hard for me to understand how, in light of
19 the fact that our budget is being limited, we are going to
20 have the resources to train the people and to apply the
21 techniques of doing risk analysis in new areas where it
22 hasn't been applied before.

23 CHAIRMAN JACKSON: Let me address your question

24 and then I'll make a comment on your comment.

25 In point of fact, as part of the overall budget

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1 and planning process more emphasis is in fact being given in
2 various areas, from research to training to specific
3 projects to the risk assessment area, not only in terms of
4 regulatory program or requirement development, but in terms
5 of creating the tools and the infrastructure to get it done.
6 This increased emphasis itself is being done in a
7 risk-informed way relative to the balance of all of our
8 programs.

9 So I think there is, and you will see it,
10 increased focus in a number of areas. There has been a
11 comprehensive training plan in the PRA area already laid out
12 with certain commitments in terms of what it is meant to
13 cover as well as who would get that training.

14 Now the issue becomes, is it comprehensive enough
15 and to what extent do people avail themselves of it? But in
16 fact, I would say the Commission has deliberately increased
17 focus to both of these areas, namely, providing the tools,
18 the knowledge base, as well as providing the specific
19 skills.

20 Then you made a comment about risk assessment in
21 safeguards. This is not the forum to discuss safeguards
22 with any degree of specificity, but the NRC is involved
23 internationally as well as within our government on any
24 number of activities and committees where various safeguards
25 and implementation strategies related to that are developed,

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1 where we are able to bring our unique perspective to bear
2 that allows us to in fact insert some insights along that
3 line.

4 As for a systematic effort in that regard, I can't
5 speak to that here at this point.

6 Thank you.

7 Is there another question?

8 QUESTION: We talk about risk and about being risk
9 informed and health and safety. I have a risk to the health
10 and safety of NRC headquarters personnel question.

11 At Pat Norry's behest, I was able to speak with
12 Mr. Dopp, who is the head of NRC security, about the guard
13 situation here at headquarters. Mr. Dopp clearly explained
14 the circumstances behind NRC headquarters not having armed
15 guards at this time. What he did not explain was why from a
16 security standpoint not having armed guards is acceptable
17 for us here as an agency.

18 Around the world we have increased terrorist
19 activity against U.S. targets. In our children's center
20 here we have approximately 50 percent of the children coming
21 from the Israeli Embassy. Israel is the greatest targeted
22 place in the world. Our guards have to call the GSA police
23 and then 911 to get armed response here in the event of a
24 bomb or armed intruder or some other problem. It's going to
25 take another two to three months for the contractor to get

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1 their permits so that we will have armed guards again.

2 I guess my question is, why is this acceptable
3 from a security risk standpoint?

4 CHAIRMAN JACKSON: As far I know, it's not true
5 that none of our guards are armed. If there is a hiatus in
6 that, I will let Mrs. Norry speak to that specifically in a
7 second.

8 More generally, I have in fact asked the EDO to

9 look on a constant basis, especially now, at what our
10 overall security situation is, not just at One and Two White
11 Flint, but at all of our facilities. Of course we have an
12 obligation relative to the facilities we license.

13 I don't want you to be left with the impression or
14 have you inadvertently leave the impression with the
15 audience here or anyone who may be listening that there
16 isn't an ongoing but in fact now heightened focus in all of
17 these areas, because the safety of our employees is
18 paramount.

19 I don't know, Mrs. Norry, if you have a specific
20 comment you want to make.

21 MRS. NORRY: During this period when we have taken
22 a new contractor we are pursuing aggressively getting
23 permits. We had an unfortunate situation with the previous
24 contractor where the permits for the weapons that the guards
25 were carrying were not exactly done in the right way. This

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1 time we are doing it right. We are trying to make it as
2 quick as we can.

3 The other thing we are doing in this period of
4 heightened security interest. We have considerably stepped
5 up the activities of the guards in being aware of what is
6 going on on the campus, of pursuing situations out front on
7 the streets where people are lingering or appear to be
8 lingering unnecessarily. In the garage area, at the loading
9 dock area we are looking at all the potentially vulnerable
10 spots.

11 We do have the capability to summon armed
12 assistance if we need it. In fact, in any case where we
13 really were going to have a threat, we would be summoning
14 professional, competent help very, very quickly. We've had
15 the occasion to do that in the past, and it has always been
16 forthcoming. The Montgomery County police are extremely
17 cooperative.

18 CHAIRMAN JACKSON: I think the important point to
19 take away from Mrs. Norry's remarks is that it's not that we
20 intend to go forward without having armed guards here at One
21 and Two White Flint, and that issue is being addressed as
22 expeditiously as we can.

23 Is there another question?

24 QUESTION: I have a question from Region III.
25 What are each of the Commissioner's views on a poorly

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1 researched NRR proposal to reduce the core inspection
2 programs for the emergency preparedness, safeguards and
3 radiation protection programs by 25 to 40 percent with a
4 proposed effective date in October 1998?

5 COMMISSIONER DIAZ: Would you repeat the question,
6 please.

7 QUESTION: What are each of the Commissioner's
8 views on a poorly researched NRR proposal to reduce the core
9 inspection programs for the emergency preparedness,
10 safeguards and radiation protection programs by 25 to 40
11 percent with a proposed effective date in October 1998?

12 COMMISSIONER MCGAFFIGAN: We have not seen this
13 poorly researched proposal at this time. We will deal with
14 it when we get it. We appreciate the heads-up that it's
15 coming.

16 [Laughter.]

17 CHAIRMAN JACKSON: My generalized comment is that
18 these issues have to be addressed and brought forward by the
19 line management relative to exactly what the risks involve.
20 This is new information. It will be interesting to

21 evaluate.

22 Is there another question?

23 QUESTION: This is also from Region III. Bear in
24 mind this is not me saying this.

25 [Laughter.]

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1 QUESTION: It says, I've been a regional inspector
2 for the last 15 years. I'm concerned that the new
3 enforcement process will instill a chilling effective on
4 identification of level 4 violations by the inspectors. We
5 always thought that the purpose of identifying level 4
6 violations was to ensure resolution of problems where they
7 have a more significant impact on plant safety. What are
8 the Commissioner's views in this area?

9 CHAIRMAN JACKSON: I think there are a couple of
10 things that can be said. I had occasion to ask Mr. Callan
11 recently in terms of our policy for identifying severity
12 level 4 violations had there been a look-see to determine
13 whether and how many such violations had been
14 inappropriately determined. His response was in fact that
15 had been looked at, and at most something on the order of 10
16 percent of the severity level 4 violations had been
17 improperly identified.

18 The changes in the enforcement policy, and perhaps
19 it needs some further clarification, are not meant to
20 obviate what the intent of tracking those violations is
21 meant to be.

22 There are two aspects to the identification of any
23 violation at any severity level. One is, has the violation
24 been appropriately identified? A key one, which has to do
25 with ensuring that we do our health and safety job but where

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1 given the nature of the violation that there is undue burden
2 associated with it, has to do with it's dispositioning. At
3 the heart of what this enforcement policy emphasis is meant
4 to accomplish is to deal with how the severity level 4
5 violations are dispositioned. Essentially whether there is
6 a formal notice of violation that is issued for a given
7 violation, and it also allows for an aggregation of the
8 violations with the same common cause or root cause.

9 It is not meant to say that the inspectors are not
10 meant to do their jobs relative to documenting and to have
11 these violations appropriately docketed and to have them
12 tracked, because they are important.

13 More broadly and down the line, it is important
14 that we constantly reexamine how we assign severity levels
15 to our violations to ensure that they are appropriately risk
16 informed, but the intent in the current emphasis in the
17 enforcement policy is not to say necessarily cite fewer
18 violations, but it's a question of how we disposition them,
19 how they are aggregated, and that one is not to go on a
20 witch-hunt looking for certain things. The inspectors are
21 expected to do their jobs, to find problems, and we have not
22 changed our emphasis in that regard.

23 There will be broader potential policy changes
24 that in fact will come to the Commission, and at that time
25 we can address more broadly some of these issues about how

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1 we handle different severity levels or what the overall
2 thrust of our enforcement policy should be. There are any
3 number of models under consideration.

4 COMMISSIONER MCGAFFIGAN: I might just add a few
5 thoughts. We clearly are about to change the enforcement

6 policy to some degree, and that's one of the difficulties in
7 talking about it. It's a case where change is coming. We
8 have not been hiding the change.

9 I see Mr. Lieberman in the audience. There was a
10 meeting yesterday or the day before. He unveiled Option 1,
11 I think we call it in the Commission. It is a model. He
12 unveiled it at a public meeting. Most severity level 4
13 violations would be called infractions going forward. Most
14 would not be cited even if we found them, unless they were
15 willful or a few other criteria.

16 My problem with the severity level 4 violation
17 issue, which was called to the Commission's attention
18 earlier this year, is it's very difficult to justify to the
19 Congress or to any external stakeholder why severe level 4's
20 have gone from 500 to 1,500 over the last few years when the
21 performance of the industry as a whole has gotten better.

22 It's impossible to answer a senator when
23 Mr. Colvin, the head of NEI, sets out the three worst severe
24 level 4 violations issued by the NRC in the last few years.
25 Having a notebook on the table that might fall on a piece of

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1 equipment or something during an earthquake was one example
2 he cited.

3 The other problem is that from the data that we
4 see we have lots of severity level 4's at plants that are
5 very, very good, that we are giving high ratings to; INPO
6 gives high ratings to; and we have low numbers of severity
7 level 4's at plants that are not very good, according to our
8 and INPO evaluations. So the purpose that they are supposed
9 to serve in terms of being precursors and hints as to things
10 that are coming, that's a purpose that they are meeting only
11 intermittently.

12 There is a challenge that we are facing. It's
13 clear that we are making a change, that we have not made a
14 policy decision to make the change. The enforcement
15 guidance memo that Mr. Lieberman put out last month clearly
16 articulates, as the Chairman said, some changes within the
17 policy that didn't have to come to the Commission, but I
18 think the notion of mining licensee's corrective action
19 program for violations, that has gone off the board.

20 We actually haven't made the change. I think we
21 are actually unanimous in making it, but we haven't formally
22 made it yet, that we are not going to put severity level 4
23 violations at the front of the corrective action program of
24 licensees irrespective of all the other stuff that they may
25 be working on that is much more safety significant or may

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1 well be much more safety significant.

2 So we are in the process of change here. The
3 change will come this fall, and then there will be more
4 change, because I think the Chairman would very much like --
5 and she and I have talked about this -- this is an area
6 where she would like to see more risk informing.

7 CHAIRMAN JACKSON: That's right.

8 COMMISSIONER MCGAFFIGAN: Not just severity level
9 4's, but 3's.

10 CHAIRMAN JACKSON: The whole program.

11 COMMISSIONER DIAZ: I was going to agree with
12 Chairman Jackson and Commissioner McGaffigan, but that would
13 be precedent-setting. So I decided not to.

14 [Laughter.]

15 COMMISSIONER DIAZ: I think the issue is a broad
16 issue, and the issue is that severity level 4 violations or
17 violations are just one set of data points, and they are not

18 the only data points that are significant or important to
19 how we assess the performance of licensees.

20 I think they need to be put in the proper
21 perspective. That's why the Commission has been pushing the
22 staff and the staff pushing the Commission to try to get
23 some agreement on what is called integrated assessment.
24 That is, trying to put things in perspective and in
25 priorities. Severity level 4's are data points. They need

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1 to be considered as data points. They are not drivers of
2 the process; they are important parts, but just one part of
3 the pie.

4 CHAIRMAN JACKSON: Let me just say the following.
5 At the risk of upsetting you, I agree with the Commissioner.

6 [Laughter.]

7 CHAIRMAN JACKSON: But let me make a statement to
8 those who may be listening from the regions, because I think
9 if we talk too much down a certain line, it begins to sound
10 as if we are implying that the staff has done the wrong
11 thing or that the inspectors have done the wrong thing, and
12 they haven't. I want you to keep doing your job and to stay
13 focused on safety.

14 As far as the run-up in severity level 4
15 violations, they probably resulted not because of some
16 deliberate attempt to have a run-up in severity level 4
17 violations. They resulted because we put more emphasis on
18 consistency, consistency in the discovery of them and how
19 they were documented and how they were tracked. When that
20 happens, there will be some who maybe weren't doing as much
21 as others. So you are going to see certain increases.

22 Secondly, we have given more emphasis on design
23 basis issues over the last couple of years. So there are a
24 number of these that may fall within that category.

25 I think a lot of the stress if there is a "run-up"

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1 really relates more to the disposition issue, and that is
2 what on the short term is being addressed by the enforcement
3 guidance memorandum.

4 But more broadly, the Commission will be
5 considering changes to the enforcement policy and to have it
6 completely more risk informed and to have it appropriately
7 fully integrated into all other aspects of our reactor
8 oversight processes.

9 As Commissioner Diaz says, they are data points
10 and they are valid data points. The issue is to ensure that
11 they are used within the right context, but because they are
12 valid data points, they still are being tracked. That's not
13 disappearing.

14 So if you want to look at the most fundamental
15 change in what the enforcement guidance memorandum
16 accomplishes for now, and it is at least built into the
17 proposals that are being considered, it is fundamentally how
18 they are dispositioned: do we issue a notice of violation
19 or not? And under certain circumstances that will cover
20 many, many licensees, particularly those that are the better
21 performing licensees; there will not be notices of
22 violations issued, but the violations themselves are not
23 going off the map.

24 Let me just say one other thing which has to do
25 with even INPO. At the risk of sounding like I'm

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1 disagreeing with my colleague, which I'm not, it turns out
2 that INPO is concerned about where they may have missed

3 things where in fact we had data that were provided
4 precursors relative to plants that they may have been highly
5 evaluating that later turned out to have some problems.

6 So there is something that we can learn from each
7 other. They have in fact asked to come and talk with our
8 staff about plants that have gotten into trouble, plants
9 that they have agreed in the end were in trouble, but where
10 we tumbled to it, as it were, before they did. So there is
11 learning that is going to go on across the spectrum.

12 Is there another question?

13 QUESTION: I apologize in advance. This fellow
14 who asked the question about the unarmed guards stimulated
15 my paranoia. In my job we look at analyses of possible
16 scenarios having to do with the safety at our facilities.
17 We try to quantify those wherever possible.

18 In your response to the previous question, I
19 didn't come away with a feeling that the issue had been
20 sufficiently researched. For example, the people who will
21 eventually have permits in two or three months, does that
22 imply that when they get their permits that they will at
23 that point have zero experience in how to use the firearms?

24 CHAIRMAN JACKSON: No.

25 QUESTION: Secondly, it seems like these badges

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1 that work in the card readers, they work whether you are
2 dead or alive. If a person were to intrude, as one did at
3 the Capitol recently, with armed guards he was able to kill
4 two policemen. If we had to wait for a response, has anyone
5 researched what the difference in the number of people
6 killed might be?

7 CHAIRMAN JACKSON: Let me just say the following
8 to you, which is the point to be made. We have gone from
9 one contract to another with respect to our guard force. In
10 making that transition we have a temporary -- I repeat --
11 temporary hiatus relative to the guards being armed.

12 Mrs. Norry spoke to you about contingencies
13 relative to response if there is an issue. We can
14 reevaluate that in terms of whether we have the groundwork
15 sufficiently covered in this interim period.

16 But in the end, in a very short time the intention
17 is to have NRC have armed guards. We've had them before.
18 We have no intention of not having them now. When that
19 happens, the intention and in fact the requirement is that
20 the people are fully qualified in the use of those firearms.

21 I hope that addresses your question.

22 QUESTION: It addresses my question but not my
23 paranoia.

24 [Laughter.]

25 QUESTION: I was thinking I might preface my

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1 question by saying this is not really my question either.

2 CHAIRMAN JACKSON: It's okay if it is.

3 [Laughter.]

4 QUESTION: With the emphasis on cost-beneficial
5 actions taken by the staff, I was wondering if at the
6 Commission level you have made any decisions that might
7 consider that impact when you put an SRM out for the staff
8 to respond to something. Have you restrained that tendency
9 based on cost-beneficial type considerations or
10 risk-informed decisions?

11 CHAIRMAN JACKSON: Let me talk to you about that.
12 The Commission obviously issues policy direction in the form
13 of the SRMs, and that in fact is the Commission's
14 responsibility to do, to give that direction to the staff,

15 particularly in areas that the Commission feels need to have
16 high priority.

17 When those SRMs are issued, in fact there is a
18 discussion with the staff relative to appropriate due dates,
19 as to when the deliverables associated with addressing the
20 policy direction would come forward.

21 It is the responsibility then of the staff through
22 the planning framework to prioritize all the tasks that the
23 staff have to carry out, those that are built-in statutory
24 requirements as well as any that come about as a consequence
25 of Commission direction through the SRMs.

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1 Then all of those things are further prioritized
2 through the budget process which the Commission reviews, and
3 in the end it is the manager's responsibility in submitting
4 and bringing forth the planning guidance and the budget to
5 the Commission to ensure that that kind of prioritization
6 and a clear statement of what is realistic over the time
7 horizon that the budget addresses is built into what we
8 consider.

9 So by definition there is a self-correcting
10 mechanism, but the Commission will continue to give guidance
11 in those areas that it feels are high priority areas, but in
12 the end everything is rationalized to everything else in
13 terms of the specific activities and deliverables associated
14 with that.

15 More specifically, in terms of recent developments
16 with respect to the tasking memo that came out of Commission
17 discussion that I sent to the EDO and for which a response
18 was returned, I explicitly told the EDO that in giving focus
19 to these high priority areas that, first of all, the
20 planning framework and the operating plans were to be
21 appropriately readjusted, that items that had to go off the
22 plate should go off of the plate, and that it was better to
23 do fewer things well than to try to continue to do
24 everything, and that is in fact the EDO's responsibility and
25 those in other offices who have related responsibilities to

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1 see that in fact the work proceeds on that basis.

2 Is there another question?

3 QUESTION: Maybe I ought to quit while I'm ahead.
4 I've been with this agency for better than two decades,
5 going back to the time before we were an agency in the sense
6 that we are still the Atomic Energy Commission.

7 One of the things that I've observed over the
8 years and I felt pretty good about was the fact that we
9 seemed to be relatively resistant to political pressures.

10 I emphasize the term "relative," because I think
11 that no federal agency can be absolutely resistant to that,
12 and certainly a regulatory agency can't be. But
13 comparatively speaking, relative to other agencies I can
14 think of, I think we are in that condition.

15 So it troubles me somewhat when I see what is
16 happening now. I have no problem with the concept of
17 change, and also I think I speak for my colleagues that we
18 all want to do things more efficiently and more
19 expeditiously. But I would hope that you folks have the
20 courage to resist pressures that would result in our making
21 decisions that are, let's say, less based on sound
22 technology and technical safety basis type foundations,
23 which has been the case in the past, and do things that are
24 a reaction to the fact that you are being threatened or we
25 are being threatened by someone who has the power of the

1 purse over us.

2 One other point I wanted to make going back to
3 efficiency, and so forth. I remember back a decade or so in
4 the past when I worked in NRR and we actually did reactor
5 licensing that one of the complaints that sometimes was
6 directed toward us was that it took too long to get a
7 license.

8 The fact of the matter of is, and I hope I am not
9 acting simply in a defensive way to this, much of that delay
10 was not due to the NRC per se but was due to the fact that
11 the industry was slow in responding to staff requests for
12 additional information, and it was also due in part to
13 things having to do with requirements for hearings and such,
14 which were things that were established by law.

15 Again, I think that we see perhaps some
16 similarities to attacks that are going against us at the
17 present time and which may be somewhat misplaced.

18 CHAIRMAN JACKSON: Let me say this. At any given
19 time when an agency or an individual is criticized,
20 obviously truth to some extent lies in the eyes of the
21 beholder, but in the end there is going to always be some
22 valid basis for a lot of the criticism.

23 As for the willingness of the Commission to stand
24 up for the agency, I think that all of us have demonstrated
25 that we are willing to do that. I think you have seen, and

1 we asked to have it shown, the videotape of the Commission's
2 appearance before our authorization subcommittee. I think
3 you understood how we responded at the time that we were
4 facing the large budget cut.

5 Having said that, in terms of standing up to
6 political pressures, the members of Congress are the
7 people's representatives. They come to Washington to do the
8 best job they can. We are creatures of that Congress, and
9 we have a responsibility to be responsive.

10 I was having a discussion with someone about the
11 danger that NRC faced at the time we were going through our
12 interactions with the Senate appropriations subcommittee and
13 then the full committee, but particularly at the
14 subcommittee level. I was talking about how people had a
15 large concern about -- this was another person at a high
16 level in the government -- preserving the agency. This
17 individual said to me something that has since stuck in my
18 mind. He said, you mean preserving the agency's ability to
19 do its job for the American people, don't you?

20 I said, oh yeah, that's what I mean.

21 And that's what we are talking about here. I
22 think we should keep that in mind. We're not unmindful --
23 and the question came up in the earlier session -- that we
24 are dealing with people, we are dealing with people's
25 careers, we are dealing with people's lives, but in the end,

1 the best way we can address all of that is to work together
2 but to stay focused on what our jobs are for the American
3 people, but to be responsive and understanding that the
4 members of Congress are the people's representatives.

5 We have a responsibility to be responsive, but
6 being responsive doesn't necessarily mean we agree with each
7 and every single thing. In fact we have made that point
8 even in our congressional hearings that we don't agree with
9 every single criticism that has come our way.

10 But some of the questions and even your concerns
11 tell me -- and that is what we are going to be working on

12 and the senior managers are going to be working on -- that
13 we may have somewhat of a communication problem. That's why
14 we're here.

15 If you really look at the list of specific
16 initiatives and activities that we are asking you to do, and
17 even some of the changes to our programs and processes, and
18 look at that list, that response to the tasking memo I sent
19 to the EDO, which, as I said, was worked with the
20 Commission, and the specific areas of focus and the specific
21 activities associated with those areas of focus, there is
22 nothing new on that list. These were things we had already
23 started to do. Some were just at the talking stage, but
24 many of them we were well into.

25 The issue is really not the Congress through

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1 pressure coming along really telling us things that we
2 hadn't already recognized needed to be addressed and things
3 we needed to do. So what we are doing is accelerating some
4 of them. Yes, we're being responsive, but in fact I view it
5 as an opportunity because we were probably taking too long
6 on some of them.

7 No one is asking any of you not to take due
8 diligence and care in doing what you are being asked to do.
9 I for one happen to believe that moving things along apace
10 but doing a quality job are not inconsistent. Again, it's a
11 question of how you organize, how many things you try to
12 handle all at one time, which has to do with prioritization,
13 and then having a mentality to get it done.

14 Again, take a look at that list. There is nothing
15 new on that list.

16 If in fact you've come away with the idea that you
17 are being asked to do things that we heretofore were not
18 even contemplating, then we haven't communicated well
19 enough, and starting today, starting here and now, we are
20 going to change that, because you need to understand exactly
21 where we are and where we have been and the continuity of
22 where we are going to the base we have been building over
23 the last few years.

24 Maybe many of us, until we had these pressures,
25 didn't really focus on it, or maybe we didn't take the

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1 opportunity to say how all of the specific activities fit
2 into a coherent whole, but we hope today you've at least
3 gotten a beginning of some understanding of how all of these
4 do fit together. But really, there is nothing new here. We
5 just need to get on with it and get it done.

6 COMMISSIONER MCGAFFIGAN: I just want to remind
7 you of one thing I said at the outset, and that is that this
8 congressional scrutiny is useful in solving long-festering
9 problems. The person who stood and talked about the
10 licensing process taking a long time and that not being in
11 the hands of the staff, we can deal with that.

12 There is no reason, I believe, and I've said it in
13 votes that will soon be public, that we can't go to
14 legislative style hearings more broadly in our process.

15 In the case of the AVLIS application from USEC, we
16 need to get an amendment to Section 193 of the Atomic Energy
17 Act. The law already gives us great flexibility to go to
18 different style hearings, and indeed I think one rulemaking
19 is just about ready to go on license transfers, and others
20 may follow. So stay tuned.

21 But the Congress can help us. I agree entirely
22 with everything else the Chairman said. I come out of the

23 Congress. It is not politics; it is not Republican versus
24 Democratic politics as they look at us. They are looking at
25 us and challenging us to be more efficient.

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1 They are not challenging us to be less safe, but
2 they have a lot of data points being provided by various
3 stakeholders, and at times it's Union of Concerned
4 Scientists and the Nuclear Energy Institute arm in arm
5 walking in there and saying the same thing that we have to
6 think about and that we were already thinking about, but we
7 now need to accelerate the change.

8 CHAIRMAN JACKSON: Are there other questions?

9 [No response.]

10 CHAIRMAN JACKSON: Let me thank those who
11 addressed the questions that came to us beforehand and from
12 the regions and thank the questioners from this morning. I
13 didn't take the time to properly thank them. If you would
14 pass that along, Mrs. Norry.

15 We have enjoyed it. It has been very stimulating.
16 I hope it has been helpful to you. Thank you very much.

17 [Applause.]

18 [Whereupon, at 3:30 p.m., the meeting was
19 concluded.]

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