

1 UNITED STATES OF AMERICA  
 2 NUCLEAR REGULATORY COMMISSION  
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 4 OFFICE OF THE SECRETARY  
 5 \*\*\*  
 6 ALL EMPLOYEES MEETING A  
 7 \*\*\*  
 8 PUBLIC MEETING

9  
 10 On the lawn in front of the U.S.  
 11 Nuclear Regulatory Commission,  
 12 Rockville Pike  
 13 Rockville, Maryland

14  
 15 Tuesday, June 15, 1999

16  
 17 The Commission met in open session, pursuant to  
 18 notice, at 10:31 a.m., the Honorable SHIRLEY A. JACKSON,  
 19 Chairman of the Commission, presiding.

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 21 COMMISSIONERS PRESENT:

- 22 SHIRLEY A. JACKSON, Chairman of the Commission  
 23 EDWARD McGAFFIGAN, JR., Member of the Commission  
 24 GRETA J. DICUS, Member of the Commission  
 25 JEFFREY S. MERRIFIELD, Member of the Commission

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

- 2 PATRICIA G. NORRY, Deputy Executive Director for  
 3 Operations  
 4 SALLY ADAMS, ADM/DCPM/CMBI  
 5 STEPHEN M. POOL, ADM/DCPM/CMBI  
 6 JOHN T. GREEVES, NMSS/DWM  
 7 CARDELIA MAUPIN, OSP  
 8 BILL TRAVERS, EDO  
 9 JESSE FUNCHES, CFO  
 10 TONY GALANTE, CIO  
 11 MR. MENDELSON  
 12 MR. COLLINS  
 13 MR. HECK  
 14 MR. DON HALL  
 15 MR. STEWART  
 16 MS. AMY SILLER

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

2 [10:31 a.m.]

3 MS. NORRY: Good morning. I did it again. Look  
 4 at the weather. Thank you.

5 [Applause.]

6 I'd like to welcome everybody on behalf of the  
 7 Commission to the annual All Hands Meeting. There will be  
 8 time for questions and the usual scene with the microphones.

9 We will have questions that are called in from the regions,  
10 and those will be read by Sally Adams and Steve Pool over  
11 there. But there are plenty of microphones for you to ask  
12 questions. I'd like to acknowledge we have NTEU officers  
13 sitting over there joining us today, and we have the EDO,  
14 Bill Travers; Jesse Funches, the CFO; and Tony Galante, CIO.

15 As usual, we are planning later this fall to have  
16 an All Hands Meeting jointly with NTEU, so the kinds of  
17 questions that relate to specific personnel policies that we  
18 usually do not deal with in this meeting will be appropriate  
19 for that meeting. So I'd appreciate your cooperation in  
20 that.

21 Now I'd like to introduce Chairman Jackson.

22 [Applause.]

23 CHAIRMAN JACKSON: Good morning, everyone.

24 VOICES: Good morning.

25 CHAIRMAN JACKSON: Let me begin by introducing my

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1 colleagues. I'll begin by noting that unfortunately  
2 Commissioner Diaz is quite ill today. He will try to come  
3 this afternoon. I'll just begin it with my right. I'm sure  
4 everyone knows Commissioner Edward McGaffigan, Commissioner  
5 Greta Dicus, and Commissioner Jeffrey Merrifield.

6 On behalf of the Commission, let me welcome all of  
7 you to this special meeting of the Commission with the NRC  
8 Staff. I extend that welcome of course both to those of you  
9 assembled here in the tent at headquarters and also to  
10 groups of employees that are connected by I'm now told  
11 videoconference as well as telephone from the region.

12 These All Employees Meetings are an annual  
13 tradition here at the NRC as a forum to stimulate and to  
14 facilitate direct communication between the Commission and  
15 individual members of the staff on mission-related policies  
16 and initiatives, to clarify the Commission's agenda to  
17 engender a shared vision, and to motivate the NRC staff in  
18 pursuit of that vision.

19 In addition, this year of course has a special  
20 significance for me, for two reasons. First, the obvious  
21 one, because this will be my last All Employees Meeting that  
22 I am likely to attend. And, secondly, because the past  
23 year, of course, has been one of the most challenging and  
24 yet one of the most successful years in NRC history,  
25 although, as I will say, history did not begin and end

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1 within the last year.

2 The challenges have come from many sides, but the  
3 success I credit in large part to the hard work of all of  
4 you, as well as to the considerable and primarily  
5 constructive input we've received from a wide variety of NRC  
6 stakeholders. At this time last year the future held some  
7 uncertainty, and to some of you it may have looked downright  
8 bleak. I believe it is to your credit as members of the NRC  
9 staff and NRC management that today we're an agency once  
10 again firmly in control of our own future, clear and  
11 confident about the course that lies ahead.

12 As some of you may be aware, the Senate  
13 Appropriations Committee recently approved the NRC full  
14 budget proposal at a time when other agencies are finding  
15 their budgets slashed significantly by that same committee.  
16 While we have yet to hear from the House side, the Congress  
17 clearly is sending a positive signal about our achievements  
18 in the regulatory arena and about the results of our

19 planning, budgeting, and performance management efforts here  
20 at the NRC. So I begin this All Employees Meeting simply by  
21 saying to all of you and to each of you congratulations on a  
22 job well done. But that's a message I could have been  
23 sending to you all the time, but I know in fact that this  
24 past year has been particularly stressful.

25 When we were facing budget stringencies and

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1 criticisms last year, a member of my staff gave me a picture  
2 of a sharply meandering road with a caption at the bottom  
3 which read: "A bend in the road is not the end of the road  
4 unless you fail to make the turn." And clearly we have  
5 begun to make the turn, but in a way that I feel is  
6 consistent and remains true to our public health and safety  
7 mission. Much remains to be done, but we are turning.

8 So the question then naturally is how did we get  
9 here. So I would like to spend a few minutes reflecting on  
10 the accomplishments of the past year, but within context of  
11 not only the individual milestones but also the underlying  
12 framework and concepts we have put into place over the past  
13 few years which, if understood and implemented consistently,  
14 will ensure stability and continuing progress as we move  
15 ahead.

16 At the highest conceptual level are the  
17 accomplishments I would characterize as achievements of  
18 vision, and these are the ideals of regulatory excellence,  
19 the concept that should be present consistently at all  
20 levels of our organization as well as in all of our  
21 policies, rules, processes, and individual interactions with  
22 our stakeholders. Indeed, as some of you may recall,  
23 regulatory excellence was a key direction-setting issue of  
24 strategic assessment and rebaselining. So this is not  
25 something that, you know, we've just thought about here in

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1 the last nine months.

2 Initially I will say that we struggled with this  
3 concept, but in fact I think our definition of it has become  
4 clear as we look at what we have accomplished under this  
5 overarching umbrella. And the first of these represents  
6 what I think is the most important achievement of all, and  
7 it ironically is in an area in which we have not changed,  
8 where we have not changed, and I refer to our continued  
9 unambiguous focus on safety as the highest NRC priority. I  
10 know that that is something that is on the minds of all of  
11 you, and that has not changed. Last year at this meeting in  
12 fact I challenged you to hold the center in the face of  
13 multiple external pressures to ensure that we remember our  
14 fundamental regulatory health and safety mission. I believe  
15 in fact that despite sweeping changes to our regulatory  
16 processes and significant strides in improving our  
17 efficiency, we have maintained this emphasis, that we have  
18 and we are holding the center.

19 The second achievement of vision is a new standard  
20 of regulatory effectiveness, another part of the  
21 aforementioned DSI at the NRC. We have become far more  
22 introspective and self-critical in examining our own  
23 regulations and programs and very activist about changing  
24 them when we see the need for change. Words like  
25 "objectivity," "defensibility," "scrutability," and

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1 "timeliness" have become familiar elements under which we  
2 judge the efficiency and efficacy of both existing programs  
3 and new innovations.

4 Tied directly to our regulatory effectiveness is  
5 an unapologetic emphasis on performance, which we sometimes  
6 refer to as an outcomes orientation, because we've learned  
7 to demand bottom-line performance and results not only from  
8 ourselves but from those we regulate, and we've given  
9 increased focus to developing and implementing metrics.

10 The final achievement of vision is our success at  
11 anticipating and positioning for change, which was a key  
12 focus of mine when I came into the NRC. This element is  
13 best characterized by examples, which range from license  
14 renewal to our efforts to prepare for electric utility  
15 industry restructuring, as well as work that we did  
16 anticipating the possible external regulation of DOE  
17 facilities. And the successful anticipation of change is  
18 undergirded by a healthy and dynamic planning framework that  
19 we have begun to put into place.

20 But these elements of vision in essence have  
21 maintained our sense of the big picture, but they also have  
22 led to the successful establishment of a fundamental NRC  
23 change of framework which comprises overarching  
24 methodologies that guide our approaches to a wide range of  
25 Agency programs and processes. And the first and perhaps

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1 most obvious of these is our transition to risk-informed,  
2 performance-based regulation.

3 The prioritization of NRC interactions in a manner  
4 where the use of risk insights and assessments is more  
5 explicit, although not solely dependent on it, but more  
6 explicit, has become a fundamental characteristic of our  
7 approach to new rules, to rule changes, program and process  
8 changes, and even our budgeting and resource loading. This  
9 concept combined with our increased focus on defining  
10 measurable outcomes and demanding performance is becoming, I  
11 believe, a familiar way of thinking at all levels of the NRC  
12 and within the regulated community, which may be the  
13 clearest indication of our success in this area.

14 Another indication of our progress here is that we  
15 are considering ways at the Commission level at this point  
16 and with key staff to risk-inform the entire body of reactor  
17 regulations in Part 50, as well as other requirements in  
18 Parts 35, 63, and 70.

19 A second framework achievement is our purposefully  
20 increased involvement of stakeholders in the regulatory  
21 process. Clear communications and enhancement of public  
22 confidence are parts of this framework. It also includes  
23 then our stakeholder meetings, NRC public workshops, and our  
24 general efforts to be more open to constructive criticism,  
25 whether it's from the Congress, from our licensees, from

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1 public interest groups, or from within our own organization.  
2 As with risk-informed regulation, I believe that this  
3 acceptance of and appreciation for stakeholder involvement  
4 is becoming a way of thinking at NRC. We have to continue  
5 to ensure that our efforts provide equal access to all  
6 stakeholders, rather than privileged access to a select  
7 group.

8 The final fundamental framework achievement is in  
9 a way our insurance policy, namely the basis of our  
10 confidence that our successes will continue, and I'm

11 speaking then of our overhauled approach to planning. Once  
12 again, this framework element dovetails with the vision that  
13 I laid out earlier, increasing our effectiveness and  
14 allowing us to anticipate and position rapidly for emergent  
15 issues and changes.

16 Like the other elements of our framework, our  
17 planning process has been built slowly and steadily, and has  
18 taken the involvement of each of you from the strategic  
19 assessment and rebaselining we began in 1995 to our  
20 multiyear strategic plan, agencywide performance plan, and  
21 our office-level operating plans to now our present  
22 planning, budgeting, and performance management process. I  
23 know that has been bracing and challenging for each of you,  
24 but the successful adoption of this process comprises a  
25 fundamental change in the way we do business, which is vital

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1 to ensuring our future success.

2 Now within this overall construct of vision and  
3 framework, let me get down to some more basic  
4 bread-and-butter issues.

5 And so I ask you to consider with me the scope of  
6 the programmatic issues and regulatory processes that we  
7 have revised and revitalized. It is an exhausting list, so  
8 I obviously will only highlight a few things. So if your  
9 thing is left out, remember, it is on the list.

10 At the top of the list is the implementation of a  
11 newly developed reactor oversight process, starting with the  
12 pilot program that is just getting underway. Consider how  
13 this process is tied to the framework and elements of vision  
14 already discussed. The elements of the new process are  
15 clearly tied to cornerstones of safety. It is  
16 performance-based through the use of performance indicators,  
17 and it is risk-informed through the implementation of a  
18 risk-informed, baseline inspection program, as well as in  
19 the categorization and validation of performance indicator  
20 results.

21 In enforcement, our risk-informed programmatic  
22 review has led to a reduction of unnecessary licensee burden  
23 associated with the less important Severity Level 4  
24 violations and a new direction for the enforcement program  
25 which may assume a more complimentary rather than a strictly

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1 separate role in the reactor assessment process.

2 In our emphasis on understanding and maintaining  
3 the design basis for power reactors and other nuclear  
4 facilities, we are nearing the completion of a revision to  
5 10 CFR 50.59, the bread and butter rule, an effort that has  
6 been accompanied by a wide range of improvements to NRC  
7 methods for dealing with facility design changes, temporary  
8 modifications and degraded equipment, including  
9 modifications to Generic Letter 91-18 and a refocus on and  
10 modification to our implementation of 10 CFR 50.71(e).

11 We have established a power reactor license  
12 renewal process that is fair, focused, expedited and  
13 predictable, built around, first, a Commission policy  
14 statement; second, case-specific orders on conduct of  
15 adjudicatory proceedings; third, Standard Review Plans for  
16 10 CFR Parts 54 and 51; fourth, management oversight through  
17 a steering committee, a management steering committee, and  
18 the Executive Council; and, fifth, and most importantly,  
19 dedicated staff work led by Chris Grimes.

20 As a consequence of our success in this area, we  
21 are anticipating, in fact, an increase, and we have got an  
22 early head up in this regard from a number of licensees, an  
23 increase in the number of license renewal applications above  
24 our original expectations.  
25 But now that we have our planning process in

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1 place, we are all ready, right, Sam? We have anticipated  
2 and dealt with a range of issues related to economic  
3 deregulation of electric utilities, including  
4 decommissioning funding assurance, grid reliability, cost  
5 competitiveness, and changes in nuclear power industry based  
6 business relationships. I mean by that new business  
7 configurations, new ownership arrangements, increases in  
8 license transfers and possible increases in decommissioning.  
9 And we have modified our decommissioning funding rule and we  
10 will continue to make improvements as we implement it.

11 We have a new rule, Subpart M, governing  
12 adjudicatory proceedings for license transfers, and we have  
13 participated on an inter-agency task force with the DOE and  
14 FERC on grid reliability issues and on and on, and on and on  
15 in this arena.

16 We have made comparable improvements in our  
17 regulation of the uses of nuclear materials and management  
18 of radioactive waste. For example, we used risk insights  
19 and information to develop a reasonable and widely accepted  
20 rule on radiological criteria for license termination. This  
21 progress is continuing today in our development of  
22 implementing guidance for the license termination rule, as  
23 well as in rulemakings on medical uses of nuclear materials,  
24 Part 35; high level waste disposal at Yucca Mountain, Part  
25 63; and nuclear fuel fabrication, Part 70, which we just had

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1 a discussion about in a Commission meeting yesterday.

2 We have applied business principles in  
3 streamlining our licensing reviews for radioactive materials  
4 and spent fuel storage, including the materials business  
5 process reengineering and guidance consolidation projects.

6 We have demonstrated innovation and flexibility  
7 with paramount attention to safety in effectively overseeing  
8 the privatization of the U.S. Enrichment Corporation. We  
9 even developed a Standard Review Plan to lay out for the  
10 financial community, as well as our ourselves, our  
11 requirements as an initial public offering was conducting,  
12 and in conducting the pilot projects on external regulation  
13 of the U.S. Department of Energy facilities, where the  
14 staff's paper, with Commission approval and guidance, is  
15 about to go to the Congress.

16 In the international arena, we achieved a major  
17 milestone when the U.S. Senate ratified the Convention on  
18 Nuclear Safety, representing the completion of a long-term  
19 inter-agency effort in which NRC representatives played a  
20 significant part. I, of course, personally, am also proud  
21 of the establishment of the International Nuclear Regulators  
22 Association.

23 We achieved recognition earlier this year by  
24 achieving our Year 2000 readiness goals well ahead of  
25 schedule. We also have developed a contingency plan

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1 developed for unforeseen difficulties both here at the NRC  
2 and with regard to our licensees.

3           Our improvements in the procurement area resulted  
4 in two Hammer Awards from the Vice President.

5           And, finally, we have developed and are  
6 implementing ADAMS, and though it has had some difficulties,  
7 we are beginning the development of a new resource  
8 management system, STARFIRE.

9           So I would like to reemphasize, in closing, the  
10 significance of what we have accomplished. I believe that  
11 all of you have been aware of and obviously touched by the  
12 rapid pace of change across a wide spectrum of NRC  
13 functions. What you may be less aware of, depending upon  
14 your position and area of specialty, is how positively  
15 impressed our stakeholders have been, both with the rapidity  
16 of the change and the consistent good judgment that has  
17 characterized our decisions.

18           Let me just mention one of them, and that is the  
19 reactor oversight process. I think we have a challenge in  
20 communication what that new process is and what it will  
21 accomplish. Nonetheless, we not only have received  
22 compliments, obviously, from licensees, but from the  
23 Congress and from a key member of one of the nuclear  
24 watchdog groups that typically has been very critical of the  
25 NRC.

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1           For an agency of our size, with our span of  
2 oversight and complexity of functions, to have made this  
3 much progress on this many fronts is considered truly  
4 remarkable. And these changes were not accomplished  
5 overnight. The achievements of vision and the fundamental  
6 framework that I have outlined were developed over several  
7 years, and only because that groundwork was laid in changes  
8 to most NRC programs and processes over the past few years  
9 were we able to make so much specific progress in the last  
10 year.

11           Both the short-term and longer-term achievements  
12 then clearly are the result of the hard work, innovative  
13 thinking and a commitment to excellence on the part of the  
14 Commission, NRC staff and NRC management. Whether viewed  
15 individually or collectively, these achievements give us all  
16 a glimpse of what we can accomplish, even as they set the  
17 stage for continued enhancements in our regulation of  
18 nuclear safety and safeguards.

19           This is but a thumbnail sketch, literally, of all  
20 that we have done. We have come a long way since Millstone,  
21 which became a major issue shortly after I arrived. All of  
22 what has been done since that bears out what I have always  
23 believed, and continue to believe about NRC, that the  
24 quality and dedication of its people are unsurpassed by any  
25 organization either inside or outside of government, that is

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1 anywhere. And I have had the virtue of having major career  
2 positions in industry, in academia and in government. And  
3 so this is clear to me.

4           I thank you all then for your support and your  
5 responsiveness to the Commission, and before I offer an  
6 opportunity for any of my colleagues for any individual  
7 comments they wish to make, let me make a statement and then  
8 ask something of you straight-away. I know one of the first  
9 questions that is probably on the tip of a thousand tongues  
10 maybe is -- well, what is going to happen as you leave? I  
11 am obviously leaving the NRC in two-and-a-half weeks, and

12 this is what I can tell you from my interactions with the  
13 White House. The White House is moving along the line of  
14 selecting a nominee for my seat who would become the  
15 Chairman of the NRC, but that process, and so, obviously,  
16 you have not heard a nomination having been made, so there  
17 will, in fact, be an interim Chairman, and our best  
18 understanding is that interim Chairman is going to be  
19 Commissioner Greta Dicus.

20 [Applause.]

21 CHAIRMAN JACKSON: So having said that, let me  
22 offer my colleagues an opportunity for any comments they  
23 wish to make. And I will, of course, begin with  
24 Commissioner Dicus.

25 COMMISSIONER DICUS: I think we are on. Yes.

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1 Actually, I didn't prepare anything, and so I will  
2 just make a couple of comments off the cuff. When I first  
3 came to the NRC I mentioned the fact that I had worked with  
4 the agency quite a bit in my capacity as director of a state  
5 agency, that was Radiation Control Agency, and the amount --  
6 one full amount of respect that I did have in the NRC --  
7 now, there is a lot of -- you know, the agreement states  
8 sometimes are not particularly agreeable, and sometimes we  
9 would kind of bandy about a bit with the NRC. But of all  
10 the federal agencies that I worked with, and I did have to  
11 work with quite a few, I always felt the NRC was the best,  
12 had the best professional staff and really had the best  
13 focus on its mission and what it needed to do.

14 And since I have been here, clearly, I continue to  
15 have that feeling about this agency and about you who make  
16 it so very, very, very successful, and make me really proud  
17 to be here and be part of the NRC.

18 We have a lot of challenges coming. We have heard  
19 what the Chairman in her comments about some of the things  
20 that we will be doing, some of the things that will be  
21 changing, and there is a lot of work to be done. It has  
22 been a difficult year, but it has been a very good year.  
23 But I have the absolute confidence in all of you that we can  
24 continue this path and continue to do the excellent job that  
25 you have been doing, and I thank you for that.

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1 [Applause.]

2 CHAIRMAN JACKSON: Commissioner McGaffigan.

3 COMMISSIONER MCGAFFIGAN: I might just pick up on  
4 a couple of the points the Chairman made and elaborate. I,  
5 first of all, really am proud of everything that we have  
6 done, you have done in the last nine months. When we were  
7 together last in September, there was a bit of a somber mood  
8 and there was a sense that further shoes might drop. But  
9 now, as the Chairman pointed out, the Senate Appropriations  
10 Committee has commended every one of you for the job you  
11 have done the last nine months, and the Chairman has rattled  
12 off, and I have a longer list, which she also alluded to, of  
13 things that we have accomplished, and I am not going to go  
14 through it.

15 One of the things that the Chairman mentioned was  
16 this proactive engagement with stakeholders, and I think we  
17 are doing -- I think that is one of the biggest changes that  
18 we have made. There is much better external communication  
19 than there was before. I will tell you, this is probably  
20 micro-management, but last night I even checked with Paul  
21 Gunter to make sure that NIRS knew about the Y2K meeting

22 that is going on simultaneously as we meet here, and, of  
23 course, he did. And he had been contacted well ahead of  
24 time, as he had been promised at the February meeting. But  
25 that is not the typical person that we are sure to engage,

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1 yet the staff had engaged him, and as we should. But there  
2 was a time there I think where we didn't reach out to  
3 everyone.

4 Today we are reaching out to everyone. The West  
5 Valley process that we went through recently and completed  
6 the SRM on, it is in materials space, but we did an  
7 excellent job of interacting with stakeholders. The staff  
8 and the Commission learned from a public meeting. We got a  
9 further paper, and I think we made a good decision in the  
10 end, with much more information than we started, as a result  
11 of this proactive engagement.

12 So I would encourage that we continue to be an  
13 open institution, as the Chairman did, open to all  
14 stakeholders, trying to learn from all stakeholders, and  
15 then making decisions that probably will not satisfy all  
16 stakeholders. I mean that is -- we had the discussion at  
17 the meeting about strategic planning, about what the public  
18 confidence means, and I don't think it is a poll as to  
19 whether our decisions are right, it is a process issue. It  
20 is process of engaging everybody so that they feel that they  
21 had their full input into the decisions we make.

22 In the end we will make some decisions that are  
23 unpopular with one stakeholder or another, and that is as it  
24 should be. But we are doing a very good job. I think we  
25 have to continue to run quickly. I think we have to

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1 continue to tout ourselves. I mean, you know, one of the  
2 things I think we have done much better the last year or  
3 two, and we got some compliment in the Appropriations  
4 report, our monthly reports, which I hope you all read. Our  
5 monthly reports to Senator Domenici really are documents  
6 where we are trying to brag about what we have done the last  
7 month, and they have been very full, because we have had a  
8 lot to brag about every month. And we are going to have to  
9 continue.

10 I think once -- there is no end to change, as I  
11 think somebody said back in September. Once you are on a  
12 change path, we have to continue to improve. We know how to  
13 improve. I can see the next several months. I can't see  
14 the next several years, but I am pretty darn sure that the  
15 course that we are on, we are going to -- with all your  
16 help, we are going to stay the course, and when we next  
17 meet, this will be an even better agency than it is today.  
18 Thank you.

19 CHAIRMAN JACKSON: Thank you.

20 [Applause.]

21 CHAIRMAN JACKSON: Commission Merrifield.

22 COMMISSIONER MERRIFIELD: Like Commissioner Dicus,  
23 I do not have any prepared remarks today, but I would like  
24 to make comments on two things, first about the Chairman and  
25 then about the staff. The Chairman is leaving us and I

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1 think she should be very proud of the accomplishments that  
2 she has had since the time that she came here to the agency.

3 When we measure a leader in a group, there is two

4 things that you -- I think that you look at as you evaluate  
5 how that individual has done. First, is the agency or is  
6 the entity that that person has managed, has it improved  
7 from the point where that person took over to the point in  
8 which they are leaving? And, secondly, is that agency or  
9 management function in the position to move forward and  
10 become even better after that person leaves?

11 I think by any measure, and I think the Chairman  
12 has talked about a number of those measures today, this  
13 agency is in a better position than it was when she came.  
14 And I think after she leaves, we and the other Commissioners  
15 will certainly be served well by an agency that will  
16 continue to improve as time goes on. So from that  
17 standpoint, I do thank -- I certainly do thank the Chairman  
18 for her efforts in that regard.

19 CHAIRMAN JACKSON: Thank you.

20 COMMISSIONER MERRIFIELD: The second issue that I  
21 would want to talk about is the staff. I spent on or off  
22 Capitol Hill about 12 years and worked in relationship to  
23 the Senate Environment Committee, which is, as you all know,  
24 the committee that oversees the functions of this agency.  
25 And during the time I spent in that committee it was very

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1 evident to me the reputation this agency had for a very  
2 knowledgeable and accomplished group of individuals.

3 Till I came to the agency about eight months ago  
4 at this point, and had the opportunity to meet a number of  
5 people who interviewed to join my office, and, indeed, the  
6 individuals who I met in the intervening time, the one thing  
7 that has come to my mind is not only does this agency have a  
8 very high level of expertise, knowledge and drive among its  
9 employees, but that level is very consistent, that virtually  
10 everyone who I have met here is someone who I am very proud  
11 to say that I work with. And I think this is a true nature  
12 of what a good agency we are and the reason we have been  
13 able to accomplish the successes that the Chairman mentioned  
14 in her presentation earlier. So that would be the last  
15 comment I would like to make, and so I turn it back to the  
16 Chairman.

17 CHAIRMAN JACKSON: Thank you.

18 [Applause.]

19 CHAIRMAN JACKSON: Thank you for your kind  
20 remarks, Commissioner Merrifield. I really appreciate that.

21 Well, let's open it up. Not that you ever needed  
22 encouragement, but let me encourage you to ask, you know,  
23 everything you wanted to know but were unafraid to ask, as  
24 well as what you may have been afraid to ask. But this is  
25 our time to really have as open and as fruitful a discussion

24

1 as we can. So let's begin with the first question.

2 [No response.]

3 CHAIRMAN JACKSON: Oh, you have no questions.  
4 Okay. Yes.

5 MR. ADAMS: Chairman Jackson, I have a question  
6 from Region I regarding --

7 CHAIRMAN JACKSON: I think you are on now.

8 MR. ADAMS: I have a question from Region I  
9 regarding the reactor program.

10 CHAIRMAN JACKSON: One second. Pat, what can we  
11 do?

12 MR. ADAMS: This question is from Region I  
13 regarding reactor programs. There has been some discussion

14 of extending the length of the pilot program to assure that  
15 it would sufficiently test the new reactor oversight  
16 program. What is the Commission's thinking regarding how  
17 long the pilot should last and whether there are any  
18 critical aspects of the oversight program beyond the  
19 baseline inspections that need to be fully tested before  
20 full implementation of the program?

21 CHAIRMAN JACKSON: Okay. Well, let me sort of go  
22 in the inverse order. The program is designed to test key  
23 elements of the new reactor oversight process, including the  
24 use and validation of the performance indicators, the  
25 implementation of the risk-informed baseline inspection

25

1 program, and an overall streamlined approach to reactor  
2 oversight, as well as the beginning changes to the  
3 enforcement program.

4 Even though the initial -- the statement is on  
5 paper that the pilot is a six month pilot, I think there  
6 already is consensus within the Commission that the pilot  
7 program is going to need to take longer than that. So it  
8 will be at least a nine month program, and then I think it  
9 is a question of what we see as the program unfolds. But  
10 the Commission is committed to having the program, the pilot  
11 take as long as it needs to take in order to shake out what  
12 the key issues are for the successful implementation of this  
13 process, because it represents a major change in how we do  
14 business.

15 Is there another question? Please.

16 MR. POOL: Can you hear me?

17 CHAIRMAN JACKSON: Yes. Thanks.

18 MR. POOL: This question is from Region IV. The  
19 new risk-informed baseline inspection program has basically  
20 eliminated the observation of daily operator actions and has  
21 reduced the observation of normal maintenance activities.  
22 What are your thoughts on the need for the Resident  
23 Inspectors to continue to conduct back shift observations if  
24 no risk significant activities are conducted during these  
25 times?

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1 CHAIRMAN JACKSON: I think, I mean from my  
2 understanding there is a major miscommunication, because  
3 none of those things are occurring. I mean there is no  
4 reduction in observation of -- Resident Inspector  
5 observation of the activities that you mentioned. I don't  
6 know if any of the senior managers have anything to say, but  
7 I think we are on the same page here, that that is just a  
8 miscommunication, that is just not true. And if we need to  
9 provide some clarification, then I will make sure that the  
10 senior managers provide that clarification, because I don't  
11 know where these rumors are coming from, but it is just not  
12 true.

13 Is there a question back here? I don't believe  
14 it. You mean we set up this tent for nothing.

15 MR. ADAMS: Chairman Jackson, I have another  
16 question from Region I. This one regards materials program.  
17 Regarding the issue of external regulation of DOE, what is  
18 the Commission's view of the likelihood of the continuation  
19 or expansion of the pilot program?

20 CHAIRMAN JACKSON: Well, I think, and I am also  
21 going to give Commissioner McGaffigan a chance to make a  
22 comment because he has been one who, with me, has been, you

23 know, very much following this. I think at this point it is  
24 unclear whether the pilot program will go any further than  
25 where it is. I think the Commission is clear that -- which

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1 has been our position all along, and it has been reinforced  
2 by the pilot, that there is a reason to and value added to  
3 be provided by NRC's external oversight of DOE nuclear  
4 safety -- the safety of DOE nuclear activities and  
5 facilities. I think that is the point we are making. That  
6 is why we are in fact submitting the staff paper separately  
7 with our own comments and Commission endorsement to the  
8 Congress.

9 But in the absence of DOE support and the support  
10 from the Congress, it is difficult to say that we can go  
11 much further. But I think we have compiled a very good  
12 record and that record makes the case in and of itself of  
13 the fact that there would be value added and it is easily  
14 done and can be done in a cost effective manner.

15 And so I believe that this is an issue whose time  
16 will come again. And I think this record we have compiled  
17 will help in facilitating decisions along that line.

18 Commissioner McGaffigan, I don't know if you  
19 wanted to make --

20 COMMISSIONER MCGAFFIGAN: I agree with what the  
21 Chairman said, this is an issue whose time will come again.  
22 And I think the Commission is united in making the case that  
23 at least for the ER and NE facilities, we already have  
24 enough information to make that case. For the Defense  
25 program facilities that was always in the distance, even

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1 under Secretary O'Leary's and under Secretary Grumbly's  
2 original plan. But, unfortunately, the Senate  
3 Appropriations Committee has indicated they are not  
4 interested in external regulation. The Secretary of Energy  
5 has indicated he is not interested in external regulation.

6 And so while there are some committees, the House  
7 Science Committee, that are still interested, the chances of  
8 a bill getting through Congress that would impose this on  
9 the Department of Energy over its opposition I think are  
10 remote. That doesn't mean that the huge amount of  
11 interaction we have with the Department of Energy won't  
12 continue. And at least one facility, the MOX facility, is  
13 going to come under external regulation per statute passed  
14 last year, as it had to because it is fundamental to the  
15 reactor program as a whole, and its product will be used in  
16 reactors if it is indeed built.

17 So, and there is a vast amount of other  
18 interaction. Part 63, the interaction on Yucca Mountain,  
19 the interaction with Naval reactors, the interaction on  
20 decommissioning issues at West Valley, et cetera, and I  
21 suspect on an ad hoc basis we will continue to be drawn in,  
22 with our General Counsel making sure that we don't get drawn  
23 in unwittingly or without adequate statutory basis, but  
24 which occasionally some parts of DOE seek to do.

25 But we aren't going to be externally regulating

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1 DOE in the next couple of years and I think we have built  
2 that into our planning assumptions.

3 CHAIRMAN JACKSON: My last comment I would make on  
4 that is the following. Like so many things, this is  
5 something, this is a house that is likely to be built brick

6 by brick. As Commissioner McGaffigan has pointed out, there  
7 are already any number of areas where either de facto or by  
8 statute we already are involved with and/or regulate aspects  
9 of DOE's nuclear activities. I think those things will grow  
10 over time.

11 I think, obviously, the policy framework and the  
12 political will does not exist at this point to make it  
13 happen whole cloth, but I think it will in fact be growing  
14 in an incremental way.

15 Are there other -- any questions from the audience  
16 here? Any more from the regions?

17 Keep talking, it will come on, I think.

18 MR. POOL: Okay. There we go. I have another  
19 question from Region IV, Chairman Jackson. With the  
20 continuing reduction in the budgetary allocations being  
21 provided to the agency, and the increasing impact of  
22 overhead expenses, are our contingency plans considering the  
23 elimination or consolidation of regional offices?

24 CHAIRMAN JACKSON: Let me answer this in two ways.  
25 One, we are beginning a review where we are involving Arthur

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1 Andersen at various support functions and looking at how,  
2 you know, whether there are opportunities for enhanced  
3 efficiencies or better ways of doing things. That is a  
4 study that is just getting underway and, therefore, there is  
5 nothing to be said in terms of where we may come out on  
6 that.

7 With respect to consolidation of regions and  
8 offices, I always answer such a question in the following  
9 way, it is important to start at the -- my staff has heard  
10 this before, some of the senior managers have heard this  
11 before -- it is important always to start at the right end  
12 of the paragraph. And the right end of the paragraph is,  
13 what is it we need to do? How can we best be optimally  
14 organized to do it in a way that ensures our ability to  
15 carry out our fundamental health and safety mission? Even  
16 as we look for better ways to plan, budget and manage our  
17 work, and we let those results drive where we go as an  
18 agency, whether it has to do with some over-arching  
19 reorganization, such as the one that occurred a couple of  
20 years ago, whether it involves some intra-office  
21 reorganization, such as the ones that have occurred in the  
22 past, this past year, or whether we have one that involves  
23 our geographic organization, it is premature to make any  
24 statement about where we are going to come out on that.

25 We have this pilot program getting underway that

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1 will inform how we want to handle power reactor oversight.  
2 We have a number of initiatives going on in the materials  
3 area, as well as this specific administrator study that is  
4 going on. And so there is no statement to be made. This is  
5 kind of like the mushroom that grows over night, it keeps  
6 coming back. But the answer is also like the mushroom that  
7 grows overnight, we have to start at the right end of the  
8 paragraph.

9 And this is not meaning to give a political answer  
10 to that question, it is meant to give the answer to that  
11 question. And that is, until we work our way through all of  
12 these things, we are starting at the wrong end of the  
13 paragraph, if we are talking about we are going to do X.  
14 And I have admonished even the nuclear industry in this,

15 because they raised this question. You are going to  
16 collapse the regions, you are going to do this, you are  
17 going to do that. We are not doing anything until we are  
18 clear on where we are going.

19 COMMISSIONER MERRIFIELD: Chairman.

20 CHAIRMAN JACKSON: Please.

21 COMMISSIONER MERRIFIELD: Chairman, if I could add  
22 to that. I know we have -- and not to start at the wrong  
23 end of the paragraph perhaps, we have gotten comments from  
24 some of our outsider stakeholders about regions. I think  
25 that is the reason we have gotten these questions. I have

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1 gotten the same question when I visited the regions this  
2 year, and I have been fortunate enough to visit all the  
3 regions, all of our outside offices, including the folks  
4 down at TTC this year.

5 I am personally just speaking for myself, I am a  
6 fan of regions. I think having a presence outside of  
7 Washington is useful. And so I think, you know, however we  
8 -- whatever kind of report we get back from Arthur Andersen  
9 and from our senior staff, we will have to think of -- keep  
10 that in mind.

11 The other point I would want to make is, and these  
12 are very serious decisions, and I think we -- certainly I  
13 recognize that. The questions engendered from individuals  
14 who are living in a region, they like where they live, their  
15 family likes where they live. They are happy in their jobs.  
16 So we as a Commission have to keep that in mind. I mean  
17 these are members of the NRC family. Any decision that has  
18 been made in the past, or potentially can be made in the future  
19 about closing an office is a heart-wrenching one. I know  
20 when we closed Region V and the folks out in Walnut Creek,  
21 it was an exceedingly difficult decision for the Commission  
22 because we knew in the end, that this -- we are talking  
23 about families, we are talking about not only families  
24 within people's own sub-units, but members of the NRC  
25 family.

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1 So I just, I want to leave folks with the  
2 impression that as we go down the line, these are decisions  
3 we will take with the utmost seriousness because it is  
4 issues so near and dear to our own hearts.

5 COMMISSIONER MCGAFFIGAN: Madame Chairman, I might  
6 add just an additional thought. I agree with what both of  
7 you have said. We should be frank, it is the Nuclear Energy  
8 Institute and their comments on the feed rule that keep  
9 bringing this up and planting the seed. I know from my  
10 experience in Defense matters, that just as a matter of  
11 economic efficiency, you know, you can get rid of bases, but  
12 it costs a lot of money to save money in the long run. And  
13 in this case, I agree with Commissioner Merrifield, that my  
14 bias is towards maintaining regions. That is what -- the  
15 French have regional inspectorates, other nations. You can  
16 run everything out of headquarters, but in a big nation, the  
17 size of the United States, to run everything out of  
18 Washington, I think would be mistaken.

19 But even from an efficiency perspective, it isn't  
20 clear to me, given the stringency that Congress faces, going  
21 ahead, in the years ahead with the very tight budget caps,  
22 that outside of the Defense sector anybody is going to be --  
23 has a mandate to downsize government, bring it back to  
24 Washington, which runs counter to themes of many in the

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1 And pay the up-front cost that that would require. I am not  
2 even sure that NEI would want its members to be paying the  
3 up front-cost it would require to collapse regions, even if  
4 we thought that was a good idea.

5 So the other, in order to keep something going  
6 here, the other question that comes up with the NEI comments  
7 is, you know, I see Ashok there, why not get rid of  
8 research? And the answer there is hell, no, too. I mean --  
9 and I think that's universal. But it keeps coming up. It  
10 was in the Tim Martin report last year. You have a mature  
11 industry, and what do you need research for anymore? And I  
12 think research is showing with its work on the source term  
13 rulemaking, with its work, some very good work, on a license  
14 amendment with regard to electrosleeving, et cetera, that's  
15 it's providing real value that benefits the darn industry.  
16 It isn't just coming up with new requirements, although it  
17 will do that too, if they're necessary, but that if you have  
18 an industry that has a future, you need to have a research  
19 program into the safety aspects of that industry. So  
20 whatever NEI is saying in its comments about the end of  
21 research is not going to be reflected in the Commission's  
22 budget, either.

23 I'm just doing this to filibuster so somebody can  
24 get to the microphone.

25 CHAIRMAN JACKSON: Well, I'll continue the

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1 filibuster for about 30 seconds.

2 COMMISSIONER DICUS: I just want to put my 2  
3 cents' worth --

4 CHAIRMAN JACKSON: Okay.

5 COMMISSIONER DICUS: To this issue on the regions.  
6 I think I have -- I agree with everything that's been said  
7 so far, and I think I have the same bias against closing  
8 down the regions. I was even against closing Region V, so I  
9 think you know where we're pretty well coming from from that  
10 particular perspective.

11 CHAIRMAN JACKSON: In the end the only thing that  
12 should matter at the most fundamental level is what our  
13 health and safety job is. And we need to make that point  
14 continuously. We need to understand it. It's very  
15 difficult to provide oversight of facilities that are as  
16 far-flung and diverse as those we have to perform the  
17 oversight of without being out where they are. And you all  
18 should keep that in mind, and I think you've got the  
19 individual as well as the collective vote of the Commission  
20 here today.

21 [Applause.]

22 MR. GREEVES: Is the mike going to work?

23 CHAIRMAN JACKSON: Keep talking. It will.

24 MR. GREEVES: Chairman Jackson and several of the  
25 Commissioners mentioned the need to work with stakeholders,

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1 and the staff went through some exercises on that for the  
2 high-level waste program. And we very much understand that  
3 and appreciate it.

4 I was wondering, Chairman Jackson, if you could  
5 share with us some of the areas you think maybe we've done  
6 particularly well, and maybe some other areas that we need

7 to improve upon, because I believe this is an area that we  
8 do need to work on. And I'd appreciate it if you could  
9 share those types of answers with the staff.

10 CHAIRMAN JACKSON: Well, you know, I think there's  
11 a lot that you've done well, we've done well. I think just  
12 the greater degree of openness overall, the willingness to  
13 have the kinds of public meetings that we have, the  
14 willingness to walk into the mouth of the lion when we know  
15 that we're going into what are fundamentally pretty hostile  
16 situations at times, and the patience the staff has shown in  
17 participating in meetings that sometimes go on for hours and  
18 hours and to respond to questions, sometimes questions that  
19 come up over and over again. I'm impressed by the degree of  
20 patience and the willingness that the staff has shown, I  
21 think the kind of public workshops that we're having and  
22 have been having where people come in and they're ready to  
23 roll up their sleeves and get to the heart of the matter.

24 If there are things or areas where we can improve,  
25 I would just mention two. One is that we have to remember

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1 in talking with stakeholders that we're not always talking  
2 to experts or those who are in the family, and if we then  
3 talk in acronyms and engineeringese or, you know, under an  
4 assumption that people know, you know, just what the  
5 unspoken word is, then we don't do ourselves a favor in  
6 terms of public confidence or increasing understanding of  
7 what we're doing. Also, we have to be willing to be  
8 repetitive in what we have to say, but not in the sense of  
9 being denigrating to those to whom we talk.

10 The second area I believe we could stand to  
11 improve in, but I already know that some steps are under way  
12 to address this specific issue, and that has to be the point  
13 of ensuring that all stakeholders have equal access at the  
14 same time to items, papers, and other things before the  
15 Commission so that we don't either in fact provide or are  
16 not appearing to provide unfair up-front access to potential  
17 Commission actions to certain stakeholders to the detriment  
18 of others. And I think there are some initiatives under way  
19 even before ADAMS is fully implemented to make more explicit  
20 use of our website and as a primary vehicle for getting  
21 things out to all of our stakeholders in an equal way. And  
22 I'd say those two are key.

23 And a third, or you might call this 1(b), which  
24 has to do with communications, is being sure that, you know,  
25 we're sending common messages, that we aren't all over the

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1 map and that we don't inadvertently give the wrong  
2 impression. Something that has come up, people have raised  
3 to me, is that people have some concern that, you know,  
4 we've rolled over and are, you know, the handmaidens of the  
5 nuclear industry, and that people talk all the time as if  
6 the only driver in what we do is relieving regulatory  
7 burden. And we have to be careful in our language that  
8 we're talking about relief of unnecessary regulatory burden,  
9 for instance.

10 I've always said that regulation by definition has  
11 burden associated with it. So if we want burden to go away,  
12 then we should go away. But assuming that that is not the  
13 case, then we have to just be very careful and clear in how  
14 we explain what we're doing, why we're doing it, and we  
15 intend to be fair to all of our stakeholders including those  
16 we regulate. I mean, the fact that we regulate them doesn't

17 mean we should not be fair to them. But we also should  
18 recognize that they are not the only stakeholders in the  
19 process.

20 Comments?

21 COMMISSIONER MCGAFFIGAN: I might -- again I agree  
22 with the Chairman on both her points where there's room for  
23 improvement, and I am aware of the efforts to reach all  
24 stakeholders simultaneously. ADAMS, Tony Galante assures  
25 us, will solve this problem permanently around January 1 of

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1 next year, but I think there's been enormous improvement. I  
2 think one of the problems we had is that we're having more  
3 of these workshops, and some of them have been less than  
4 adequately noticed, et cetera.

5 But I mentioned earlier the anecdote of talking to  
6 Paul Gunter, and he was well aware of today's meeting that  
7 was going on this morning on Y2K. I've gotten compliments  
8 from NRDC, compliments occasionally from UCS, although Mr.  
9 Lochbaum also holds us to a high standard of adequate  
10 notification, as he should. And so I think that we are  
11 doing a remarkable job, and I think we're, you know, we just  
12 had an ISCRS meeting here a few days ago, and when they're  
13 here, we have them -- they're open, and some of the public  
14 participants at the Interagency Steering Committee on  
15 Radiation Standards commented about the fact that these  
16 meetings should be open all the time. That is our Agency's  
17 position, but when those meetings occur in other agencies,  
18 they thus far have not been open.

19 So I think we have a lot to brag about about our  
20 openness, but as I talked earlier, we need to stay the  
21 course and get even more proactively opened than we are  
22 today, and I think there will be more confidence in our  
23 decisions, although if you're open and you get everybody's  
24 opinion, it's absolutely certain you're going to disagree  
25 with somebody's at the end of the process, unless they're

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1 all in agreement.

2 CHAIRMAN JACKSON: I think the metric has to be  
3 that one is open to inputs from all sides, that one weighs  
4 carefully and fairly those inputs, but within the context of  
5 an understanding that those who have the decisions to make  
6 will make those decisions. But it's not a vote, other than  
7 here, of course.

8 Are there any other questions from the regions?

9 Any questions from here? No one's asking any  
10 questions.

11 Excuse me, we have one here.

12 MS. MAUPIN: Good morning. I have a question in  
13 the area of decommissioning. Right now there are some  
14 concerns I guess at Maine Yankee at looking at NRC standards  
15 versus those of the EPA. Overall what is the Commission's  
16 opinion in terms of decommissioning and maybe the eventual  
17 turning over of these facilities to the Agreement States  
18 once the facility is decommissioned, if the Commission has  
19 any views on that?

20 CHAIRMAN JACKSON: Do you want to make a comment?

21 COMMISSIONER MCGAFFIGAN: You can mention this at  
22 the Reg Info conference if you want. I'm not sure -- we  
23 have a rule under which Maine Yankee is supposed to  
24 decommission. We promulgated it after years of study  
25 following all the Administrative Procedures Act rules. We

1 have a generic environmental impact statement that goes  
2 multivolumes justifying the rule. And we think that's a  
3 standard, the 25 millirems to the average member of the  
4 critical group, that should be applied to decommissioning  
5 activities.

6 The Environmental Protection Agency has by  
7 guidance documents suggested a different standard, but they  
8 have never undertaken rulemaking or never actually proposed  
9 a rule. And until and unless there's a rule that would  
10 trump our rule, I don't see that we should bow to EPA  
11 regional administrators' hortatory rhetoric.

12 Furthermore, the notion that once a site is  
13 cleaned up to our standard that it would score in any way as  
14 a dirty site that would need further remediation would be an  
15 abuse of the Superfund program, I believe. I mean, there  
16 are far, far dirtier sites in this Nation. I occasionally  
17 refer to my backyard --

18 [Laughter.]

19 But I hope it's not -- there are far, far dirtier  
20 sites that would never score, and putting this somehow as a  
21 political matter because our photons and alpha particles and  
22 gamma rays are not natural would be an abuse.

23 But I recognize, I mean, it's very uncomfortable  
24 for Maine Yankee, as they've said publicly, to have this  
25 threat, that they clean up to our standard and then either

1 the State using Superfund authority or EPA comes in and says  
2 no, this is still a dirty site, and now you have to clean it  
3 up further.

4 We've asked the Congress to resolve this issue as  
5 part of our legislative program. I don't think that's going  
6 to happen right away, but in the long run Congress has to  
7 decide this issue, I believe, or else EPA has to rulemake,  
8 and as they have the authority to do, but that would be a  
9 very interesting rulemaking if they go back to the papers  
10 that they had back in 1996 which if they had seen the light  
11 of day would not have justified the rule.

12 CHAIRMAN JACKSON: Commissioner Merrifield has a  
13 question, because I know he's thought a lot -- I mean a  
14 comment he wishes to make, because I know he's thought a lot  
15 about this. But let me just make one statement to the  
16 latter part of the young lady's question. The solution is  
17 not to be turning the site over to Agreement States.

18 First of all, that's the first I've heard of that  
19 kind of a thought. But beyond that, somehow turning a site  
20 over to an Agreement State has an implication that there's  
21 still something to be regulated. And since the point of our  
22 license termination rule is that when a license has been  
23 terminated under the rule, it has been cleaned up enough for  
24 free release unless there's some specific institutional  
25 control that has to be maintained, there is nothing left to

1 be regulated. And therefore, you know, that is not in our  
2 thinking at all.

3 Commissioner Merrifield.

4 COMMISSIONER MERRIFIELD: Yes, there have been  
5 some comments made by some EPA regional administrators in  
6 some letters exchanged between the Chairman and EPA  
7 Administrator Carol Browner about the whole issue of  
8 Superfund as it relates to these cleanups, and I, having

9 been the chief Superfund counsel in the United States Senate  
10 for four years, I will further underscore Commissioner  
11 McGaffigan's remarks, that there are far more things out  
12 there the EPA could be bothered with, particularly under its  
13 RCRA list of sites to be cleaned up, that are far, far more  
14 serious than any of the sites that we have under our  
15 control, and I would certainly recommend them to spend some  
16 good time there rather than trying to duplicate what we're  
17 doing around here.

18 CHAIRMAN JACKSON: But this afternoon after our  
19 second session of all employees, we may go to take a look at  
20 Commissioner McGaffigan's backyard.

21 [Laughter.]

22 There was another question from the region.

23 MS. ADAMS: Chairman Jackson, this question is  
24 from Region II.

25 What is the Commission's view of the performance

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1 indicator process?

2 CHAIRMAN JACKSON: Well, since it is in fact part  
3 and parcel of the new reactor oversight program, we  
4 obviously feel that it is a key element of that. It's  
5 something whose time has come.

6 You know, a couple of years ago I in fact asked  
7 the staff to bring in an outside contractor, namely Arthur  
8 Andersen was the one who ended being selected, to look at  
9 this whole issue of performance indicators and how we might  
10 use them more broadly in our regulatory process, as well as  
11 to look at developing better and ultimately more  
12 risk-informed performance indicators. And so obviously by  
13 the Commission's endorsement of the new reactor oversight  
14 program by definition the Commission feels that performance  
15 indicators have a role in our program. They have the  
16 advantage of putting things on a pretty objective footing  
17 and they're fairly unforgiving. At the same time, the  
18 Commission recognizes that performance indicators alone are  
19 not the whole story.

20 And therefore inspection will always be part of  
21 what we do. And that is why the risk-informed baseline  
22 inspection program is also a key component both from the  
23 point of view of validating the indicators that are used,  
24 but also recognizing that the indicators don't tell you  
25 everything. And in the end as a regulator you've got to go

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1 take a look. And so we still are going to go take a look  
2 and going to be looking across the spectrum in a  
3 risk-informed way.

4 COMMISSIONER MERRIFIELD: Chairman?

5 CHAIRMAN JACKSON: Yes, please.

6 COMMISSIONER MERRIFIELD: If I may add a couple of  
7 comments here. I mean, this is the third question that  
8 we've gotten this morning about the new assessment and  
9 oversight process. This is very similar to a lot of  
10 questions that I got when I was out in the regions.

11 What this goes to is the fact that we have a  
12 system that we have been very comfortable with for a long  
13 time and that has given us a good measure of success, and we  
14 are replacing it with a new system, one in which, I agree  
15 with the Chairman, I think the Commission and the senior  
16 staff in the Agency feel very comfortable moving toward.

17 We as part of our mantra urge our inspectors and

18 individuals in this Agency to question, and that's what is  
19 being done. And I think it's healthy for our inspectors who  
20 are at the reactors, those who are in the regions, as well  
21 as individuals here in Rockville, to question this system.

22 The purpose of the pilot is to do a vigorous test  
23 to make sure that in the end we have something that is  
24 better than what we are starting out with. And as I said to  
25 some other individuals previously, I personally believe that

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1 what we end out with may in many ways be quite different  
2 than what we started off with in the pilot. But that's  
3 healthy. That's what we intend to do in the participation  
4 of all of our employees in making sure we get it right is  
5 important.

6 In the particular issue of the performance  
7 indicators, one of the concerns that has been raised is  
8 whether those performance indicators are sensitive enough,  
9 whether we've gotten them tweaked quite right. It very well  
10 may be that that may not be the case. I know in the meeting  
11 that we had at the Commission level we talked about this.  
12 That's why we're going into the pilot.

13 You know, I think the Commission indicated strong  
14 support for the senior management, particularly Sam, for the  
15 pilot, and we expect that when this pilot gets finished,  
16 whether it's six months or nine months down the road or  
17 whatever the appropriate time period will be, that we have a  
18 program that we can all feel very comfortable with, and then  
19 we can demonstrate not only to ourselves but also to the  
20 public that it is a good indicator of determining the health  
21 and safety at these plants.

22 CHAIRMAN JACKSON: Please.

23 COMMISSIONER MCGAFFIGAN: Just to follow up on the  
24 last comment that Commissioner Merrifield made. I think one  
25 of the strengths of the performance indicators is that

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1 they're going to provide lots of data to members of the  
2 public, and we should be stressing this. There's a real  
3 benefit in the new oversight program and the amount of  
4 information it's going to be sharing with the public on a  
5 timely basis.

6 These indicators are going to be updated  
7 quarterly. They're going to be put on our web page fairly  
8 promptly upon receipt of the information, I believe. And  
9 there's going to be a lot of transparency. People are going  
10 to be able to see how all 103 operating reactors are  
11 performing on these various indicators once the program is  
12 fully up. So there's a large public communications benefit.

13 It isn't a good, an excellent, a bad, or an  
14 adequate or whatever that somebody is subjectively giving.  
15 These are fairly or very objective indicators as to  
16 performance. But also the new oversight program recognizes  
17 the performance indicators don't cover everything, and we've  
18 had a lot of discussion at the Commission meetings, and I'm  
19 sure the staff has, about the areas where performance  
20 indicators don't exist or will never exist or are under  
21 development, and the fact that the inspection program then  
22 has to focus in those areas while also validating what the  
23 indicators are saying to us.

24 So, as I say, from a public perspective, I think  
25 the performance indicators and the way we're envisioning

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1 putting them up on our home page is going to be providing an  
2 enormous amount of objective data that somebody else can  
3 interpret. I mean, if we don't have the thresholds exactly  
4 right for white to green or green to yellow or whatever,  
5 somebody else could say well, if I set the threshold  
6 differently, then this performance indicator would be here,  
7 and I'm going to therefore write a letter to the Commission  
8 demanding that they do something.

9 But the data is going to be there for us to  
10 interpret, for the public to interpret, for licensees to  
11 interpret, and it's one of the real strengths of the new  
12 program. It's promptly going to be there. There isn't  
13 going to be delays, et cetera, that there were in the old  
14 process.

15 CHAIRMAN JACKSON: If I can go back to a comment  
16 that Commissioner Merrifield made, but also referencing a  
17 comment that I earlier made, I think sometimes we do  
18 ourselves a disservice when we -- and I'm saying that both  
19 to staff who may have these concerns and to us as a  
20 Commission, in terms of how we talk about things, and if we  
21 lift one part out of what is really an integrated process,  
22 then we end up risking giving a misimpression of what we're  
23 going to do. And it is very important that people keep in  
24 mind that the new reactor oversight process has a number of  
25 components, and the performance indicator part of it is very

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1 important for all of the reasons that have been delineated  
2 by my colleagues.

3 At the same time, we have never said that this  
4 inspection is going to go away, and you heard each Member of  
5 the Commission a little while ago indicate strong support  
6 for our regional programs, and a fundamental reason we have  
7 the regional programs relates to inspection. And so people  
8 should just keep that in mind, and I know it's difficult  
9 when we move away from what we've all been comfortable with,  
10 even if we haven't been thinking it was the right thing to  
11 do all the time, but there's a certain comfort that  
12 develops. But it's ironical because we had been talking  
13 about various changes that needed to be made in our reactor  
14 oversight program, and we're making them.

15 So you have to be careful sometimes what you ask  
16 for. You might end up getting it. But the important point  
17 to make is that's why you do a pilot, and both of my  
18 colleagues here have made that point, and I've made that  
19 point. That's why you do a pilot. And it's not until we  
20 have the whole shakeout from that will any new program be  
21 fully implemented. And I think if we all kind of put our  
22 hearts and heads to it, we'll ensure that what we come out  
23 with at the end of the day will serve what our role and  
24 mission really is.

25 Are there any more questions?

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1 Please. Keep talking.

2 Go to the other microphone.

3 MR. POOL: There's a question from Region IV. Do  
4 you feel that we are making any progress regarding concerns  
5 raised about preselection in the NRC workplace?

6 CHAIRMAN JACKSON: Yes.

7 [Laughter.]

8 No, this is something that, you know, I've had a  
9 number of discussions with senior managers about, and

10 particularly Mrs. Norry, who has this as part of her  
11 responsibility what our overall career development process  
12 is for people. You know, we recently are restarting the  
13 Senior Executive Service candidate program with looking at  
14 issues, and staff should avail themselves of opportunities  
15 to even make lateral moves to broadly learn the Agency,  
16 because that kind of a broad experience is going to be  
17 important increasingly as we move forward with the kind of  
18 agency we are becoming.

19 And so the short answer is that it is something  
20 we're giving specific attention, and I believe the  
21 statistics which you can get from Pat Norry will bear out  
22 that in fact we have made and are continuing to make a lot  
23 of progress in that area. And we know that's a sensitive  
24 issue as people worry about career development  
25 opportunities.

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1 Well, we'll do a couple more from the regions  
2 here, and then we'll probably bring this to a close.

3 MS. ADAMS: Chairman Jackson, this question's from  
4 Region I, and it regards administrative and management  
5 support.

6 Given that we have contracted with Arthur Andersen  
7 for review of certain administrative and support functions,  
8 does the Commission have any specific expectations regarding  
9 how the results of that study will be used?

10 CHAIRMAN JACKSON: No, because if you had it,  
11 there's no point in doing the study. We could just mandate  
12 what should happen. But the fact that what has been  
13 mandated is that the study be done, we will wait and see  
14 what the study tells us.

15 Okay. One more. Okay.

16 MR. POOL: This question is from Region IV.

17 Do you feel that we are making any progress  
18 regarding concerns of sexual harassment in the NRC  
19 workplace?

20 CHAIRMAN JACKSON: Yes.

21 Any other questions?

22 Okay. Yes. Don't say too much about that.

23 Just kidding.

24 COMMISSIONER McGAFFIGAN: This is not on that. I  
25 think what we've discovered today is that we should let

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1 everybody stay in their offices and send questions.

2 [Laughter.]

3 CHAIRMAN JACKSON: That's right, but we know that  
4 you all wanted to sit out here on the grass, and it is nice  
5 out here.

6 I'm surprised that there are no questions from  
7 here, so all of you are reasonably happy with everything,  
8 and you understand where we're going.

9 Let me just thank you again. It's been a great  
10 pleasure to have served with all of you, and I'll be talking  
11 to you again. We have a few more ceremonies. But thank you  
12 for coming out this morning.

13 [Applause.]

14 [Whereupon, at 12:00 p.m., the meeting was  
15 concluded.]

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