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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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ALL EMPLOYEES MEETING
P.M. SESSION

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WEDNESDAY, JUNE 6

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ROCKVILLE, MARYLAND

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The All Employees Meeting was held on the NRC Green at 11455 Rockville Pike, Rockville, Maryland, at 1:30 p.m., Richard A. Meserve, Chairman, presiding.

PRESENT:
RICHARD A. MESERVE, Chairman
NILS J. DIAZ, Commissioner
GRETA JOY DICUS, Commissioner
EDWARD MCGAFFIGAN, JR., Commissioner
JEFFREY S. MERRIFIELD, Commissioner

P-R-O-C-E-E-D-I-N-G-S
(1:34 p.m.)

MS. NORRY: Good afternoon. Welcome to the afternoon session of the 10th Annual Meeting between the Commissioners and the NRC staff. We had a little excitement this morning. We had rain on the roof which was kind of nice, made things a little hard to hear, resulted in some pooling of water up there, which I understand has all been removed and we have no more water pools. So hopefully, this will be a very calm session with no rain, no wind and no lightning.

In addition to the people here and at Headquarters, we have the Regions and the TTC who are viewing this on video and by the remote, the resident sites who are hooked in by audio. After the Chairman makes his remarks, the Chairman and Commissioners make any remarks, then there will be time for questions and as you know, we have the usual microphones and it would be kind of nice if some people would use the microphones.

This morning, I think everybody was being very shy and they submitted their questions, which of course, is an option. You can submit your questions. We have lots of people wandering the aisles who will collect your questions, but it would also be nice to see a few faces up there asking the questions. So I'm not real sure that I've encountered too many people in this Agency who are that shy, but maybe the afternoon crowd will be better.

We do have two people who have volunteered to read the questions that we have -- that are on the cards, and will be written on the cards by anyone who wants to do that this afternoon. And if they would stand up, it's Cordelia Maupin of the Office of State and Tribal Programs and Richard Baum from the Chief Financial Officer.

And so I would like to also acknowledge that the Officers of the National Treasury Employees Union are sitting in the audience and just urge you to keep any specific questions about labor relations or personnel practices -- those are more appropriately dealt with in partnership.

So without further ado, Chairman Meserve.

CHAIRMAN MESERVE: Thank you, Pat. Good afternoon. And welcome to our Annual All Employees Meeting. Although I have been the Chairman for only about 18 months, I have started to notice certain rhythms of life here at the NRC. For example, every six months there are meetings with the ACRS and similar periodic meetings with the staff on threat assessment. There comes a

certain time of year when we can expect to hear about the budget and the overall performance of our reactor licensees.

Perhaps it is a sign of age, but I'm beginning to notice that these events, like the seasons, seem to occur with alarming rapidity.

Just as the blooming of forsythia is an early sign of spring, there are similar signs that this meeting is pending. I can see the outward signs whenever Ms. Norry wants to talk to me about tents.

(Laughter.)

So we meet together under canvas again. Joining me on the platform today are my colleagues, Greta Dicus, Nils Diaz, Edward McGaffigan and Jeffrey Merrifield. We are pleased to meet with you and have this chance to interact with you.

Following my opening remarks, they will join me in responding to your questions. As always, I am very grateful for their support.

Let me also welcome the NRC Staff from the Regions at various remote locations and in Chattanooga who are participating by telephone. Despite your physical distance from us, you are an integral part of this meeting and the Commission is looking forward to your active participation. The only difference between you and the Headquarters staff in the Commission's eyes is that you can sit back and put your feet up during this session, in full confidence that we will never know.

(Laughter.)

Your Headquarters' colleagues, by contrast, are here in most uncomfortable looking chairs. Occasionally, distance has its merits.

This All Employees Meeting is a continuing experiment in internal communications. As I will discuss in a moment, I am firmly of the view that we will not be successful in assuring public confidence, unless we maintain open decision making and encourage full participation in our processes. An essential ingredient in achieving public confidence is good communications.

I think it follows that the NRC cannot expect to be successful in communicating outside the Agency if we are unable to communicate well within the NRC. In that connection, I should note that the class that just graduated from our SES candidate development program produced a study on internal communication that I would encourage all of you to read. Its recommendations on improving communications within the NRC have broad applications throughout the Agency and I have encouraged senior management to give the report serious attention. The message of the report applies to our meeting today as well.

The purpose of this All Employees Meeting is to facilitate a candid exchange on issues of importance to our Agency. We welcome your questions and comments and we're prepared to answer any questions you have except for those subject areas that Ms. Norry described in her opening comments.

In order to enable us to move quickly to your questions, I'll keep my remarks brief. It is customary in these sessions to speak of our changing internal and external environment and the impact that these changes will have on the NRC and its regulatory programs. I will not disappoint you this year. Indeed, I think we are in a period of change that is perhaps more profound than any in the NRC's history.

The most striking feature of the new external environment is a complete reversal of the claims of just a few years ago concerning the early demise of nuclear power. In striking contrast to these predictions we are seeing interest in nuclear energy as an important and enduring contributor to energy supply. Nuclear power is now viewed as an economical, reliable and environmentally benign source of energy by a growing percentage of the general public. A recent poll in California, for example, indicated nuclear power has become far more acceptable today than it was just a few years ago. At the same time, the nuclear industry for the first time in 25 years, is seriously considering the possibility of applications for new reactor construction and as all of you know, the industry is pursuing in earnest applications for license renewal and for power upgrades.

Why this sudden change in perception? The most obvious underlying causes are escalating energy prices and the growing national concern about the shortfall in generation capabilities. In this context, the steadily improving performance of the nuclear industry over more than a decade is good and timely news.

The average capacity factors for nuclear plants in the U.S. have increased from 65 percent in the early 1990s to nearly 90 percent today. The production costs for nuclear power are now less than coal, natural gas or renewables. Important news at a time when the price of energy is increasing and is highly volatile.

Our licensees have achieved this remarkable gain by improved maintenance and training, with the consequence that advances in economic performance have been accompanied by parallel gains in safety performance. Fortunately, a good economic performance and good safety performance appear to go hand in hand.

Although the NRC does not have a promotional role in nuclear power, I believe that the NRC has played its part in this nuclear renaissance. Our attention to detail and our vigilance in assuring that our licensees provide priority attention to safety issues have established a climate of safety that has enabled public confidence in nuclear power to grow. Our success in providing timely decisions, particularly in the license renewal context, has encouraged the business world. And our efforts to provide clear and objective guidance through our oversight process and in our licensing procedures has created a climate of predictability that has been valuable to both our licensees and our other stakeholders.

The success of the NRC in being a tough, but fair and efficient regulator, is in my view an important factor in creating the conditions in which nuclear power could be evaluated as a valuable component of our energy mix. This success would not be possible without the efforts of a highly qualified and committed staff. You should feel proud of this success.

The same remarkable changes that our sweeping our reactor activities are engulfing other areas of NRC. We are getting ever closer to the time when a decision will need to be made on a high level waste repository which opens the possibility of a very high visibility role for the NRC in connection with the potential repository of Yucca Mountain. Our research programs are receiving increased scrutiny as a result of thoughtful reports submitted by a panel led by former Commissioner Rogers and by the Advisory

Committee on Reactor Safeguards. We're in the process of improving our safeguards program as part of a broader interest in enhancing counter terrorism programs throughout the government and we'll need to address management challenges posed by Congress and the NRC's Inspector General.

I am confident that we will be able to meet these and other challenges as they arise. In short, these are exciting times throughout the Agency, but paradoxically our success in establishing a climate for change has presented us with risks that arise from uncertainty. Although a new national energy policy has been announced, it is far from reaching final form. Congress has yet to address the proposals and the outcome of congressional review is less certain today than it was just a few weeks ago.

Moreover, although we must plan our budget based on certain assumptions, we are far from certain of the nature and timing of any dramatic new initiatives that our licensees may seek to launch and at a time of scarce federal dollars, we cannot be certain of the response in the Congress to our budget requests in any event. In short, although we can anticipate continuing change, the implications for the Agency remain undefined in important respects.

Nonetheless, although change will affect us all, there are some things that must remain constant. First, and most important, our abiding highest priority must remain the protection of the public health and safety. The public support for nuclear power is fragile. If we and our licensees fail in discharging our safety obligation, the renaissance in nuclear power will be very short lived. Even in the face of uncertainty and change, our commitment to public health and safety cannot and shall not waiver.

Second, we must continue to strengthen public confidence in the NRC. We must both be and be seen as an objective and independent regulator. We need to ensure that this perception of the NRC is recognized not only by Congress, the national media and public interest groups, but also by local jurisdictions and the public living in the vicinity of NRC licensed facilities. To do this, we must attain clarity in our message and maintain openness in our decision making processes. We must also remain prepared to address concerns regardless of their source.

In this connection, it is important to remember that NRC decisions extend beyond technical assessments to include social judgments on the acceptability of risk and the balance of costs and benefits because these are matters in which the public has a stake. We must listen to and consider stakeholder concerns about risk. I firmly believe that if we fail in this area, we will be unlikely to accomplish our mission.

Finally, we must all strive to improve NRC capabilities. When I came to the NRC I arrived with an awareness of the skill and dedication of the NRC staff. My views on this point have been strengthened by my continuing and extended exposure to the staff during the past 18 months. Our staff remains our most previous resource and when I refer to the NRC staff, I am referring to all of you, technical, legal and administrative personnel. All of you play a crucial role in protecting the public health and safety.

I am concerned, however, about the future. The Commission recognizes that we must take steps to ensure that the Agency retains its core skills and abilities in the years to come. We have directed the staff to undertake a systematic study to identify existing skills, to assess those that we must bring to bear tomorrow and to develop strategies to fill any gaps. As part of this effort, the NRC has begun to expand its recruitment and training programs, obtain OBM approval to waive dual compensation limits so that retired employees can be rehired to fill critical skill needs under certain circumstances, planned restoration of the NRC graduate and senior fellowship programs and started other steps to retain and enhance our critical skill needs. We recognize the need to invest so to ensure that the capability under which the Agency depends are available in the future.

Whatever the future may hold, the Commission is confident in the NRC staff's professionalism and dedication as we adjust to changing circumstances. On behalf of the Commission, I would like to thank you for your efforts and to state that we look forward to our continuing partnership in meeting the challenges ahead.

Thank you.

(Applause.)

Before we turn to questions, let me turn to my colleagues and see if they have some comments.

COMMISSIONER DIAZ: I have a short comment, Mr. Chairman. There has been mention of some shyness on the part of the staff to ask questions and I fully empathize with this behavior having been overwhelmed of lately with some shyness on a part of my acquired nature, so don't feel alone. Some of us go through that at different stages in life.

COMMISSIONER MERRIFIELD: Mr. Chairman, yes, thank you. I'd like to underscore two things that the Chairman spoke about. The first one is we do have a lot of attention that has been given us lately by Congress, a lot of discussions up on Capitol Hill about providing some more money for new reactor orders, for research, for a variety of other things. And as a former Congressional Staffer, I would caution all of us to be mindful of not trying to have boundless enthusiasm for these issues. There is a big difference between legislation being introduced on Capitol Hill and legislation actually being enacted. And whatever happens, whether there are new plant orders or whether there is any activity in Congress, we need to remember at the end of the day that our primary mission is protecting the reactors and the material licensees that we are concerned with and maintaining our focus on public health and safety.

The second comment that I would want to underscore is the issue of the success of the Commission. We as a group have testified on Capitol Hill this year and have received significant positive comments on the part of Members of Congress about the work that we have conducted at the NRC. Those comments are not reflective of the success of any one Chairman or any one Commissioner. They're indeed the success of the activities of all of the members of the NRC, in Headquarters, in the Regions and in the field. And I think I want to underscore that there's a recognition that is indeed the case. And at least for my part I want to underscore my comments and thanks for the members of the staff having made the Commission look good.

Thank you.

(Applause.)

CHAIRMAN MESERVE: Now we'd like to turn the meeting over to you.

As Pat Norry indicated, anyone who has a question should feel free to come to one of the microphones in various of the aisles and present us with a question.

You also all received cards, I believe, as you entered and if you would prefer you can write down your questions and pass them to Rick and Cordelia who will be reading us questions. So there are two means by which you can present questions to us, but the interesting part of the meeting for us and I hope for you is the questions and answers.

MS. SCOTT: How might the change of power in the Congress affect any initiative to increase the use of nuclear power?

CHAIRMAN MESERVE: Let me say that my perception of this is that not one of an expert on Congress and hence, all of you can probably judge this as well as I can.

But I perceive that the nuclear issues are a bipartisan issue at the moment and we have a bipartisan Commission that is working well together. The issues that we raise are not ones that develop partisan overtones to them and similarly, the comments that we have received in the Congress, the times that we testified and various other contexts are ones that don't have a partisan flavor to them.

So I am hopeful that these changes that are attracting all the attention in the newspapers may play themselves out in a way that they don't have a great deal of impact on the issues that are now before the Congress and before us.

For one wild card, I think, might relate to Yucca Mountain in that Senator Reid has moved into a position as head of a relevant subcommittee and appropriations committee. He is from Nevada. Has firmly held views with regard to Yucca Mountain and I think it just remains to be seen how that plays itself out.

MS. SCOTT: Thank you.

COMMISSIONER MERRIFIELD: I think the Chairman is right in that respect. I mean the membership of the House and Senate have not changed from what they were. Two days ago, obviously, there has been a leadership change in the Senate. Energy will be a significant issue of debate. Congress will enact its will and it remains to be seen whether that is going to mean more or less dollars for nuclear research for the Department of Energy or for us. But to reinforce what I said earlier, I think Congress as a whole is pleased with the work that we have been doing for our mission and the best thing that we can do is to maintain that mission and maintain our focus.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might add, I once worked for Jeff Bingaman who is now the Chairman of the Energy Committee and he, Chairman Meserve, testified before that committee earlier in May. It's clear that he and others of that committee are pro-nuclear. They support license renewal. Mr. Bingaman included in the Senate Democratic package the Pierce Anderson extension, so it's in the President's bill. It's in the Murkowski bill. It's in the Bingaman bill. Bingaman, also along with Senator Domenici and others supported legislation to try to work at the human capital issue that the whole industry and we, in particular, faced to try to encourage additional people to go into nuclear engineering, provide more support for education related to nuclear issues, etcetera. And three of us up here on the right hand of the side of the table, where we're sitting, left from where you're sitting are Democrats. Our party has people who are very strongly anti-nuclear. The Republican Party has at least one, Senator Ensign* from Nevada who probably is not very supportive of nuclear either, but there is a strong bipartisan support for nuclear power that doesn't mean that many of the provisions that weren't going to pass when Senator Lott was Majority Leader are any less likely to pass today. They aren't going to pass before and they're not going to pass today. Some of the more -- the provisions that were in some of the bills that were close to subsidies of nuclear power, there were some strong Republican opposition to some of those because they smacked of corporate welfare which is not a good thing in the Republican Party. So much of the program that relates to us, I agree with my colleagues is in good shape.

CHAIRMAN MESERVE: Rick, do we have any questions?

MR. BAUM: Mr. Chairman, this is a comment submitted by an employee regarding your comments on the Panama incident this morning. It reads as follows: IOPs directly with the Panama DG for health yesterday. He was very clear that the computer software performed correctly, but that the input data was fed in incorrectly. However, there does not seem to be a flag in the program to alert programmers to possible incorrect data input.

I believe it was just a comment.

CHAIRMAN MESERVE: For those of you in the audience, there's an incident that is unfolding as we speak with regard to a facility in Panama that irradiated patients for therapeutic reasons and it is believed that several people died as a result of over exposures.

This has been an unfolding episode. I don't think any of us have definitive information about that as yet and I appreciate the comment.

Rick, do you have another question or Cordelia?

MS. MAUPIN: Mr. Chairman, this is a question from the Regions. Mr. Chairman, how is the NRC going to respond to the Administration's support for nuclear power and its new energy policy and media rumors that as many as 50 plants of existing or new designs may be ordered in the future?

CHAIRMAN MESERVE: I don't know how many of you have had an opportunity to read the energy report that the President issued just a few weeks ago. It does have a segment of the report. Of course, deals with nuclear energy. Many of the recommendations are ones that are -- and comments are ones that are directed at the Nuclear Regulatory Commission. We're in near unanimity, I think, that they reflect activities on which the NRC has embarked and which we already are taking seriously. Primary recommendation, of course, is that one, this is an Agency that must remain focused on protection of the public health and safety and that we should have the resources that are necessary to accomplish that end. It's encouragement for our examination of relicensing as an example of initially, we obviously are taking very, very seriously and have devoted major effort to make sure that we handle those applications both thoroughly and expeditiously.

So I think that there are many aspects of this issue that resonate completely with things that are initiatives which the Commission has already embarked.

COMMISSIONER MERRIFIELD: Mr. Chairman, I think we had a similar

question this morning that asked about new plant owners. And I think one of the things is that there is certainly a possibility that the scuttlebutt about new reactor orders may be somewhat ahead of the reality. I think what is more likely for us to be grappling with this year, perhaps this calendar year or early next calendar year in 2002 is the issue of part 52 and early site permitting.

There are very active discussions right now within the industry sector at NEI about pursuing the possibility of having an early site permitting. There are some discussions that have already taken place within our context on this matter and they will continue. So I think there's an effort to try to identify some of those issues and we may very well perhaps see one or more applications for early site permits coming soon.

CHAIRMAN MESERVE: Rick, do you have another question?

MR. BAUM: Mr. Chairman, this is a Headquarters question.

Next month, I will be celebrating my 13th anniversary with NRC.

I am a very dedicated, loyal person who will go the extra mile to help anyone or office. I have always received good appraisals and I have mastered my computer skills. I willingly take on extra assignments when asked and I have filled in for higher grade individuals when they were on extended leave. But when I applied for jobs that would mean a promotion, someone else always is selected. People who do have as many years of service as I do pass me by. People I have trained have passed me by. I have tried for many years to get a promotion, at least four. I would like to know exactly what I need to get to obtain a promotion.

CHAIRMAN MESERVE: This is obviously a deeply held concern of the person who presented that question. It's hard for me in the abstract to provide any particular advice as to the individual circumstances or how to proceed. We do strive, as a Commission, to make sure that promotional decisions -- we have practices and procedures in place that are fair, that have the opportunity to try to provide growth to all of our employees, at times to have them take responsibilities and increase responsibilities over time and as their capabilities grow.

I'm unable to provide any detailed comment about this particular circumstance and what has been the issue associated with the individual's graft of the comment.

COMMISSIONER DICUS: Again, of course, not knowing what the details are, as the Chairman mentioned, there's nothing specific that we can say other than I know in conversations that we have had and briefings that we have had, our EEO briefings, there has been a great interest in and encouragement for and programs in place, I understand and I know that they are, that when people are interviewed and not selected for a position that they have the opportunity to get feedback on why they were not selected, what maybe skill or ability that they have an opportunity to improve and then how we can offer that opportunity for improvement to increase the likelihood of a promotion. So certainly the Commission supports that and encourages its constant use.

CHAIRMAN MESERVE: Rick, do you have another question?

MR. BAUM: Mr. Chairman, this is a Headquarters question. The

openness that attends the new state color process appears to give industry greater access to the Commissioners than the staff enjoys. This sometimes gives nonemployees a greater opportunity to argue their views than NRC employees have on major policy issues. What are the Commissioners' views on this?

CHAIRMAN MESERVE: Let me say that I think that all of us have a common view here that in order for us to do our jobs successfully, it is important that we have an open door and that we receive information from a diversity of sources, so that may mean if somebody from the industry would like to visit with the Commission in a way that's not in litigation, and present us with their views on a policy issue, our door is open to that, just as it is open to other stakeholders and that we have visits as well from those who are and all of us visited by industry people who choose to see us, but others who may have differing views about various of the issues that are presented to us.

I appreciate, this question is focused not so much on that as on staff access to the Commission. And let me say that we had a very interesting experience at this morning's session and that many of the questions that we received were ones that focused on problems of internal communication and a sense that obviously is felt by some staff that they don't have the capacity to interact with higher management or with the Commission.

This is -- although I think all of us have an open door policy, have the benefit of both formal and informal interactions with staff at all levels, this is clearly something that I think all of us have taken away from this morning's meeting is that this is an issue that we need to address more systematically than we have in the past.

I mentioned in my opening remarks the report that had been prepared by the candidate development, SES candidate development program, that group that has just graduated and that report deals with internal communications at the NRC. It has the benefit of a survey that has been made of staff and makes findings and recommendations that derive from that.

I find the report to be very interesting. It is consistent with the comments and questions we've been receiving at these meetings and I'd urge all of you in the audience who are managers to read that report. This is clearly something that the Commission needs to deal with.

COMMISSIONER DICUS: Again, as the Chairman mentioned, in the morning session many questions dealt generally with the communication and access, questions on empowerment. We discussed that, some of the things, but communication, access, the levels of concurrence, there were many questions on that and as we discussed this morning, I think essentially all of us have fundamentally an open door policy. We encourage any one who wants to talk to us to take that opportunity. And I rarely get that. I rarely get my office and I think what are we doing wrong that somehow or another either the message is not out, or there's a hesitancy to use the opportunity. All I can say is that it does exist and don't be shy about using it.

COMMISSIONER DIAZ: Let me add. I am sure that the staff has more access to the Commission than any body else in this world. There is no doubt about it. It might be what the difference of access is, but I know that only a small fraction of my time is placed interacting with other stakeholders, all of them, and the majority of my time is devoted to receiving documents from the staff, interacting with the staff, attending meetings with the

staff, meeting with not only the Directors, but groups of the staff. It might very well be that there will be other channels as the Chairman and Commissioner Dicus has mentioned of internal communications, but we are accessible and we are more accessible to the staff than to anybody else that I know.

COMMISSIONER MERRIFIELD: Mr. Chairman, I would agree with Commissioner Diaz' comments. I think we've all tried to engender an opportunity to get out and meet with the staff, whether it's individually or collectively. Commissioner McGaffigan spoke this morning about all hands meetings in NRR to OGC and others and we've all, I think, taken the occasion to do that at various points.

Many of us have walked the halls and tried to meet staff. I've virtually walked every hallway of these two buildings.

In the meetings that we have in our offices, we don't just get the papers up in our offices and decide them in a vacuum, we have a questioning attitude of the Commission level and we are very active in getting staff briefings on those papers. I know I've had hundreds of staff in my office in the two and a half years that I've been here.

I'm a little -- I think like the others. I sort of disagree a little with the premise, a question that we're isolated in meeting with singular groups. I don't think that's reflective of the true calendar of the typical Commissioner in this institution.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might as well go ditto, but we are open. We want to see you. If you don't want to see us, you're somehow shy as Pat Norry was talking about earlier, our TAs may be more approachable and there, you know where to get them. We do try to meet with the staff. The vast preponderance of my time as all the others is in the interaction with the staff. We do also meet with NEI and individual industry groups as we do with Mr. Lockbaum and Mr. Leventhal and folks like that as well, but the vast majority of our time is trying to sort out papers.

We do see your bosses. All of us have periodics with the office directors, with the deputy EDOs, with the EDO, head of OGC, etcetera.

If there's a problem here, we're talking about this morning, as the Chairman said, it's the lower level staff feeling connected to us and that gets into the issues of internal communication, empowerment, concurrence processes, all of that and I think that's the report the Chairman referred to had the essence of a challenge in it as did this morning's questions as something we have to work on.

CHAIRMAN MESERVE: Let me encourage anybody who'd like to ask a question to come to the microphone. We'd be glad to hear from you directly. Cordelia, do you have another question?

MS. MAUPIN: Mr. Chairman, this question is from the Regions. What is your vision of NRC FTE resources over the next four years? Do you anticipate seeing staff level changes and of what magnitude?

CHAIRMAN MESERVE: Let me say that on this issue that the NRC has had over the course of longer than a decade, has had a declining budget certainly in real terms, but obviously in constant dollar terms as well and accompanied with that has been a decline in FTE that have been allocated to this Agency.

We've sort of turned the corner in the last budget in sort of acknowledging that we had gotten very lean and particularly in a time where we had an increased workload. It was coming that we were being hard pressed and so we do have a budget request that is pending before the Congress that has some slight increases associated with it.

I think that if, in fact, it materializes that we do get a large number of new applications or other areas of having increased workload from one source or another, that we are prepared to make the case, if it's appropriate for appropriate resources.

We need to be efficient in the resources we have, but we recognize with the challenges that are presented to us that we may need to have some growth.

I think that we do have the problem that we confront our that licensees pay for the bulk of our resources at a time when they're under increasing economic pressures. There is obviously concern by them about the magnitude of their fees and that sort of reinforces the need for us to be efficient.

We did get a little bit of relief on that issue in the last Congress in that we started on a trajectory where we get 10 percent of our budget, 2 percent a year over 5 years that would be funded from general revenues rather than from fees. And that should prove to provide a little bit of relief. That was a change that we could justify on equitable grounds and that there's a measure of the activities that we undertake here that do not directly benefit our licensees, but benefit the public and therefore the public should pay for it.

I see this as a challenge for us, however, and that we have a situation in which I think we ought to anticipate that throughout the government there will be tight budgets over the next several years and that we'll have to make a strong case in order to justify increases, if we're to obtain them.

COMMISSIONER MERRIFIELD: I would -- I think the Chairman is right. I would add one thing to that. One of the concerns right now is if we get new plant orders, that we have the staff to do it, do we have the right resources. I think that was the premise behind the Commission making a decision late last year to ask the EDO to prepare a report, what would it mean for us to deal in new plant orders, what do we need for FTE, do we have the right skill sets, what would it cost in a budgetary standpoint. I think the Commission is carefully weighing the recommendations of the EDO and the staff.

The balance against that, however, is you got to be careful about getting too far out ahead of things and there have been times in the past when this Commission, thinking that things were going to mature, went out and hired a whole bunch of new people, only to find out that those issues really didn't move forward and we were forced to do some RIFs. That is a very difficult thing on people's lives. We don't want to -- I think you want to be very cautious about doing that. I think we need to bring people on in a planned manner so that we meet the needs as they're coming forward, rather than getting too far ahead and risk putting people's livelihoods in risk.

CHAIRMAN MESERVE: Rick, we have somebody at the microphone.

AUDIENCE MEMBER: Good afternoon. We all know that the NRC

cannot be an advocate for the nuclear waste repository -- but the question is that you have a responsibility for the national nuclear waste problem and whether you think this is -- do you have little responsibility or a big responsibility?

CHAIRMAN MESERVE: Our responsibility is with regard to nuclear waste is one that is defined by statute. And particularly Yucca Mountain is the one that is on everyone's mind and we have a very clear set of obligations that we need to fulfill in that connection.

Our fundamental obligation there as in connection with all other activities is to ensure the protection of the public health and safety. Let me say that I think that it is singularly important in that context, as in others, that we be seen as an objective agency that relies on the best information that's available and makes the decisions on the merits and that we're not driven by the politics of the situation. We're driven by what's required for public health and safety. That has to be the guiding star for all of our activities. That's going to be -- that will enable us to fulfill our mission and will give us credibility at the end of the day when we do it.

I think that's as important and perhaps -- in all areas, but it's going to be particularly important as we deal with issues arising from the possibility that we may be presented with an application for a repository at Yucca Mountain.

Rick, do you have a question?

MR. BAUM: Mr. Chairman, this is a question from Headquarters. The NRC is undergoing many changes and a number of introspective initiatives on how to do business. Example, empowerment, communication plans, business planning, reengineering. What is being done to integrate these initiatives and explore changes in our physical surroundings to support new ways of doing business?

CHAIRMAN MESERVE: I think it's an interesting question is that we have, I think, over the last year tried to be very introspective and to try to look at the way we're doing business and make sure that we have ourselves structured in a way that we can do our jobs effectively and efficiently.

If I had to suggest perhaps one area where the rubber hits the road on this issue, it's sort of one that forces integration at least in one sense of all of this is in the budget process, in that there's a discipline that is -- has to be applied in that area of setting priorities, of making sure that you are applying your funds in a way that optimize the capacities of the Agency in fulfilling its obligations and that that is probably the one and probably the most important tool we have to make sure that all of these lessons are brought to bear.

Another question?

AUDIENCE MEMBER: I have a couple of work place questions. One is the staff keeps hearing rumor mill that flexy-place is going to be instituted at NRC. In fact, I understand that Congress is requiring all federal agencies to institute some sort of flexy-place. That means telecommuting type of process. And part of the rumor that has been going around is that these flexy-place arrangements are going to be very restrictive such as if you are on flexy-place, then you can't do the alternate work schedule or other such types of arrangements. And just as a staff member, I'm interested in the Commission has any influence or desire to influence that process and try to make it more open, flexible and workable for employees, particularly since that a number of folks volunteer on their every other day off, every other week day off that they take off and that could impact the communities, because they don't -- I know one person volunteers scuba diving up at the National Aquarium and feeding the fish in the big tanks there. So they wouldn't do that any more. They wouldn't take leave to do that. That kind of thing that would just impact folks, unnecessarily.

CHAIRMAN MESERVE: You are correct that I believe there's a federal statute now that requires the full evaluation of telecommuting as something that's an obligation of the federal government. The Commission has always had for its staff had some positions for which telecommuting has been possible. It's my understanding that this is an issue that's a continuing dialogue that is going forward with the Union in order to make sure obviously we need to comply with the law, but to make sure that there are opportunities that telecommuting provides for us that we can seize, that enable us to fulfill our mission better, that we're taking them.

As to the specifics about the limitations that are there or any other constraints, you are more knowledgeable of this subject than I am, because this is not a rumor that has reached my ears and has not been something that the Commission at this stage has been involved in.

AUDIENCE MEMBER: And my second question actually addresses a much smaller group of the Agency and that is there does not appear to be a well set up arrangement for mothers who are breastfeeding, lactating rooms that other federal agencies have and they're usually very convenient, private rooms that are set up that women can come in and express milk to store for babies at home.

As chair of the Federal Women's Program I was going to be requesting something specific in the August briefing, but I won't be able to be here for that so I just wanted to make it clear that that is a need in this Agency and we should do it pretty quickly because there's a number of lactating women in the Agency right now who have been approaching me requesting my assistance in getting such a room.

CHAIRMAN MESERVE: I appreciate the comment. This is not something that I had been aware of.

AUDIENCE MEMBER: Nor I until they approached me. Thank you.

CHAIRMAN MESERVE: Yes?

AUDIENCE MEMBER: Mr. Chairman and Commissioners, I have another question concerning adequacy of resources.

I'm a little confused by a comment I just heard a few minutes ago about hiring up staff a few years ago and then the requirement to do a RIF. What confuses me is how we would be in a posture to have RIFs when we need a contractor for almost every technical requirement we have. It seems to me that we need contractors for inspections. We need contractor support for almost every aspect of adequacy of nuclear power plant design and operation that we go over. So I just cannot sort of process this disconnect with the idea of a RIF.

We also need to maintain our breadth and depth of expertise in

the technical area and it seems that we need contractor technical support for everything.

Assuming that Congress were to increase our budget somewhat, how soon and how do you envision going about getting the Agency where it needs to be in terms of new billets, new technical jobs, so that we can actually do some more of these reviews and functions ourselves for our autonomy?

COMMISSIONER MERRIFIELD: Mr. Chairman, if I could just start, at least the first part of that because I misspoke on my answer to the first one.

I said the word RIF and that was inappropriate. Really what was at issue and this is a briefing that I just got recently from the staff. There were points in the past where we had brought on various skill sets. There were geologists, meteorologists and others back in the days when we were licensing a lot more plants and we came to realize that the hiring of those individuals had gotten ahead of what our real need was for them. So that the Agency in order to adapt to that had to try to find different jobs for them. We had to balance out those resources and it became very difficult to do that. And there were some individuals for whom had specialized skills that we couldn't take full advantage of the work that they were doing. And so the point I was trying to make by that and I apologize for not being as succinct as I should have been, but the point I was trying to make was that we need to make sure that before we go too far out ahead of ourselves that there really is a need for us to have certain skill sets and individuals brought on board, because we don't want to put ourselves from a planning perspective down the line, having to try to rebalance that and not fully utilize people that we brought on board. That's really what I meant by that answer, Mr. Chairman.

CHAIRMAN MESERVE: Let me respond to the second part of the issue, is that let me say that my interaction with the staff would clearly indicate that we're not dependent on contractors for everything, that we have people with great skills throughout this Agency in technical areas and other areas on whom we are crucially dependent and it would be a huge loss for the Agency if we had to depend on outsiders for those sorts of things.

We have undertaken this effort that I described very briefly in my comments to sort of start the process of a more systematic evaluation of the skills that exist among our existing staff, an examination of what we need in the future and to develop a strategy of how to fill those gaps. And of course, it would have to include a consideration of the uncertainties, how certain is it we're going to have the gaps would have to be a factor in all of that decision making.

But it's specifically with the target of making sure that we have the wherewithal and continue to have the wherewithal among our own staff resources to meet our obligations.

Now it is clear that in some areas that we are going to have to depend on contractors to some extent, but if we're going to be able to use contractors intelligently, we need to have people who are on our own staff who have sufficient skills to be able to direct and control and appreciate their comment and evaluate their work in order to do our job. So I think that we recognize that and I think that we have a strategy underway that makes sure that our needs for the future are met.

AUDIENCE MEMBER: Thank you for your comments. I just want to point out that I raise this certainly not to be discourteous and I recognize that we do have great talent here, but we do need more of it. Being from OGC I spend half of my existence answering organizational conflict of interest questions, analyzing and examining those types of situations. We constantly seem to be in a posture of we can't use X, we can't use Y because of A, B and C and this would be a conflict, that would be a conflict. And I just hope to see more technical staff of our own that can do the work so we're not constantly looking at what is a conflict, what is not and who are we going to get to do the work.

CHAIRMAN MESERVE: Thank you.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might add to the discussion that I do think, I agree with both you and Commissioner Merrifield. We have great staff here, but I also do worry at times about the degree of contractor dependence that we do have. At the margin, I would prefer to have the people on the staff. I think the reason we go to contractors is partly for the very reason that maybe Commissioner Merrifield is talking about at the start, it's easier if it is not continuing work that you know you're going to have year in and year out to say okay, we'll bring a contractor in to do this for a limited period of time, but if it is continuing work that is the core of our business, those employees should be our employees and not contractor employees and in any case, I agree with you that we have to have people who can interpret the contractor results and direct them and make sure that we get what we're paying for. But at the margin, at times, we do seem the first instinct around here, perhaps because we're understaffed in FTE space is let's put out a contract to handle this thing that I would have thought we could have done in-house.

CHAIRMAN MESERVE: Rick, do you have another question?

MR. BAUM: Mr. Commissioner, this is a question from Headquarters. The FY2002 budget submittal from NRC has little if any requests for funding for research and licensing activities on new plants including advanced reactors.

What is the current thinking for these areas for the 2003 budget?

CHAIRMAN MESERVE: The question is correct, that the Fiscal Year 2002, as submitted to the Congress, did not include substantial volume of research as to accommodate advanced reactors or new applications. The reason was, of course, that that budget was put together over a year ago and it is one that we didn't anticipate, developments that have occurred since with regard to the interest in that area.

We have recently communicated with the Congress to make sure they understand that the budget, as submitted by the NRC, did not include these funds, that there's been a developing interest in the possibility of new construction for which we need to prepare, particularly with regard to advanced reactor designs. And we notified the Congress that we estimated that the volume of work that we would like to undertake in this area, in Fiscal Year 2002, is in the order of \$15 to \$18 million.

Let me say that this was a request that we submitted -- this information was originated in the Congress and there was great interest in having this information which gives me some hope that this will be something

that the Congress will be prepared to deal with in the context of our Fiscal Year 2002 budget, but that remains to be seen.

We are now putting together our Fiscal Year 2003 budget. That is something that the Commission will be working on over the summer. I would anticipate that it will also include, certainly will have to include funds to reflect this near area of work.

Do you have another question?

MS. MAUPIN: Yes sir, this is a question from the Region.

Recently, the new Senate Majority Leader was quoted as saying, "Yucca Mountain is dead." Is this just political posturing or should some credence be given to this comment in regards to the future of waste disposal?

CHAIRMAN MESERVE: I have read that comment as well, that Senator Daschle had made that comment in Nevada. It's a -- let me just say that I think all of us could make some judgments about the Senate, but the actual composition of the Senate has not changed over the last few weeks. And I don't think that anyone would have guessed two weeks ago that Yucca Mountain was necessarily dead or alive at that time, that this was an issue that was going to proceed through the process that was specified in the statute. And it remains to be seen how this unfolds.

So I am -- I don't understand the foundations for the comment that was made that this change has caused some dramatic modification of how the Congress will react to a proposal to proceed with Yucca Mountain, if in fact, such a proposal is made.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might just having worked in the Senate, that the law, the majority leader has tremendous power in the Senate to call up bills, ordinarily, although the Senate also has no rules and anybody can put their bill and any other bill. In this particular case, Congress has previously put in place so-called Fast Track procedures so that if the President, and it's an if, proposes that Yucca Mountain be the site of the repository and if Nevada, which is not probably an if, declines the opportunity and it goes to the Congress, in both Houses there are Fast Track procedures which will force a vote and as the Chairman said, the votes have not changed and there has been in both parties strong overall support for doing something on the waste issue.

So in this particular case, he may not have been aware of the statute that provides for the Fast Track procedures.

CHAIRMAN MESERVE: Rick, do you have a question? I'm sorry, there's a gentleman at the microphone.

AUDIENCE MEMBER: Thank you. About a year ago, you took a special interest in the ADAMS system and asked that there be some review of it. That's happened, but there doesn't seem to be much communication about the current status.

Can you say what you know about the status or what you know about the ability to communicate to the staff what's happening on ADAMS?

CHAIRMAN MESERVE: I appreciate the question. There was a similar question that was asked this morning about ADAMS. As I think all of you know and perhaps far better than I do, ADAMS has fallen short of all of our expectations, that it was -- we got ahead of ourselves in getting launched into this activity and it -- we have been limited by the technology and basically the available software and so that this has been something that we had hoped would be a vehicle for facilitating all of your lives and in fact, it's not proven to provide the advances that we had hoped.

The CIO and others on the staff had put together an action plan that was intended to reach across the entirety of the Agency, that we surveyed all of the problems and developed a realistic strategy as to which of the problems we could address and develop a means to do that and a time frame for doing that. And that action plan, of course, is available.

We have continued to confront issues with ADAMS. There have been -- my sense of the circumstances that there have been improvements that have been made. Perhaps it has been a slower process than any of us would like.

I know that the CIO does send information around about ADAMS and it's clear from the question this morning and your question that that has not been sufficient in order to have people know where we are and where we're headed and that's something we're going to address and correct.

Rick, do you have a question?

MR. BAUM: Mr. Commissioner, this is a question from Headquarters. When the Commission issues an SRM are such requirements always aligned with the Agency's planning budget and performance management process?

CHAIRMAN MESERVE: Yes.

(Laughter.)

By definition. I mean I think -- I don't mean to be flip, but I think it's the vehicle by which the Commission sets its policies and establishes the framework within which decisions in the planning budget and performance managing process undertake with a backdrop of SRMS. So I think that the aim is to have these be congruent activities.

Rick, do you have another question?

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might add that by definition that's true. It also is true that when we're considering SRMS, oftentimes the staff will provide us preliminary information as to what the cost and what might have to be given up in order to do something we want to do. I mean those discussions do take place. They aren't reflected in the SRM themselves, but we don't -- we don't make the Agency turn on a dime at tens of millions of dollars of cost. Nothing like that ever happens.

COMMISSIONER DIAZ: It is true that if it isn't, it will be, right? Somebody will make it.

COMMISSIONER MERRIFIELD: I think there's a point to be made though and that is -- and it's not always readily apparent when you read the SRM or even when you see this in a meeting such as this. But there are an awful lot of different factors that we as Commissioners have to weigh in casting the votes that we cast, in coming to and working together on the SRMS that we come up with, balancing a variety of different stakeholders that we have and the variety of different information that we receive from the staff, either staff telling us directly or through our respective staffs, what's going on.

And there are a lot of issues we have to balance off into making these decisions and sometimes we have to make hard calls. I think that's the expectation of the President and Congress in empowering the Commission to make

the decisions that we do.

It would be easy to have people at the Commission level simply to rubber stamp things, but that's not what Congress wants. Congress wants us to take an independent look, to take all the facts into consideration and make a decision. And sometimes that is more apparent in SRMS than otherwise.

CHAIRMAN MESERVE: Cordelia, do you have a question?

MS. MAUPIN: Yes sir, this is a question from Headquarters. The proposed energy bill knows that an increased emphasis on enforcement may be appropriate in light of deregulation and power upgrades. The revised reactor oversight process eliminates the use of civil penalties in most instances. Is this consistent, given that most members of the public would not view the Agency action matrix as enforcement?

CHAIRMAN MESERVE: I think that the reference was to the President's energy plan rather than to any specific legislation. I understand the energy plan to reflect an appreciation by the President and Vice President Cheney and those who developed the task force report of the important function that the NRC plays with regard to the regulation of nuclear power plants. And they see that for nuclear power to proceed is important, that we have a central role and that we had adequate resources and capabilities to fulfill the task.

I personally did not and have not had the benefit of any conversations of others in the Executive Branch, and I don't know whether my colleagues have, that the reference, the use of the word "enforcement" was intended to be construed in a narrow context as limiting the flexibility that is available to the Commission in applying a variety of different tools to assure that we fulfill that fundamental mission of assuring safety.

Rick, do you have a question? I'm sorry, is there somebody at the microphone?

No. Okay, Rick.

MR. BAUM: Mr. Commissioner, this is a Headquarters question.

Considering the recent talk of new nuclear plans and licensing renewal, what do you see as a long-term solution for spent fuel, specifically, with EPA's groundwater specs and Nevada's concerted effort against Yucca Mountain, do you think we are putting all our eggs in one basket, or is processing a real possibility?

CHAIRMAN MESERVE: Let me say that we have a defined role with regard to Yucca Mountain that we're going to fulfill. There are EPA standards that were announced this morning that do reflect the EPA approach to those standards that do disagree in some respects with comments that the Commission had made and we'll obviously enforce and apply those.

It's premature for us to judge what the implications are as to the application of those standards and of our implementation of those standards in our regulatory system for what the prospects would be with the connection to Yucca Mountain, when and if there was a recommendation that we proceed with Yucca Mountain. I think it's premature to make any judgment as to what the implications are of those standards with regard to Yucca Mountain.

Let me also say that I think and this is a personal comment, rather than a Commission comment, that one, I think, should separate the technical and scientific issues associated with Yucca Mountain from some of the political and perhaps economic considerations. I think that there is a consensus, as reflected in several National Academy of Sciences reports that there is a technically solvable problem to be able to dispose of spent fuel. It's not necessarily to say that Yucca Mountain is the correct solution, but that this is something that is within the capacity of man to do.

And so I think from a technical viewpoint that that, when the Commission has made a decision that we can continue to allow power plants to produce spent fuel and in recognition that this is, there is within man's capability to be able to deal with the spent fuel and beyond that, that we have safe means to be able to store that fuel for certainly a period of decades in spent fuel pools or in dry storage.

I think from a scientific and technical point of view, this is not something that has to be solved immediately or its a yes/no and Yucca Mountain is something that is beginning or end of nuclear power from a scientific and technical -- Yucca Mountain has to be -- if the answer is no on Yucca Mountain, we will have to store the fuel as we have been for longer and then we'll have to turn, the nation will have to turn to some other solution.

It is another aspect of the question is the political one and we've all seen editorials in the papers that have reflected the perspective that there has to be a demonstrated answer to this problem dealing with spent fuel before there will be a political acceptance of any growth of nuclear power. I don't have any way to judge that aspect of the question.

MS. MAUPIN: Mr. Chairman, this is an associated question on Yucca Mountain and this is from Headquarters.

Does the Commission have any ideas about how we can rebuild public confidence that EPA and NRC can work together to ensure the safety of a potential repository?

CHAIRMAN MESERVE: Well, let me say on that that I think that perhaps it is unfortunate that our discussions with EPA with regard to the form of the Yucca Mountain standards I think have been blown somewhat out of context.

We have a policy difference with EPA as to the appropriate structure of the standards and it has been portrayed in the press that the EPA is the tough regulator and the NRC is the lenient regulator. I don't think that's a fair characterization of the issue. We are a tough regulator. We intend to be a tough regulator and we had a conclusion based on our policy judgments and technical guidance we provide that the regulations ought to have a particular form in order to achieve their objective. EPA disagreed with us on that point.

We will now proceed to modify our Part 63 regulations to conform to the EPA standards as the law requires and we'll apply them diligently as part of the process.

I should say as well that over the period of the last several months that there has been a process that's gone forward in the Executive Branch as they have evaluated the Yucca Mountain standards. We participated in that process, it's an OMB run process, along with the Department of Energy. We made some recommendations. Some of them were not accepted at the end of the day, but there are other changes that were made to accommodate us that had to do with implementation of the standards, so that this was not a situation in

which EPA at the end of the day have said no, we're just going to ignore NRC. I think they weighed our comments and reached a different conclusion and perhaps some of us would have reached as to the form of the conclusions, but we'll move on. In other areas where they deemed it appropriate to consider our comments, they did so.

So I see this as a situation where we have many areas of cooperation with the EPA and we are going to have cooperation with EPA in this area as well.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might add I think the questioner does have a point. Whatever happens on Yucca Mountain there are continuing difficulties in dealing with EPA which at least there were up until the end of the last Administration in decommissioning space and other areas other than Yucca Mountain where the same issues tend to come up is a 25 millirem all pathway standard for decommissioning which is what our standard is, adequately protective of public health and safety. We believe that it is. EPA by guidance for many years has touted a 15 millirem all pathways together with a groundwater standard that is 4 millirems to any organ that we just don't believe is technically viable. It ends up -- you end up regulating at very different risk levels at different sites, depending on which radionuclide is there. It isn't just us. It's the Academy of Sciences that at least in the case of Yucca Mountain has said that it didn't make sense to apply the groundwater standard. There will be a groundwater standard at Yucca Mountain, the de facto standard there will be two tenths of a millirem per year which you get at 10 hours in the Senate Waiting Room, but that's what the standard is going to be and we'll make it -- we'll make our rules comply with theirs and we'll see if the repository can meet a two tenths of a millirem standard.

But there's going to be continuing difficulty at numerous decommissioning sites around the country when the old EPA and I hope the new EPA has a different view, when they take the State of Maine to task because they adopted 4 millirems effective dose equivalent as their groundwater standard for purposes of Maine Yankee because 4 millirems effective dose equivalent as the staff knows is higher than many of the MCLs, they take the State of Maine to task for not having a tight enough groundwater standard. That's at the level of two assistant administrators, that's pretty extraordinary stuff and I hope and pray that the new Administration will take a different approach. I'm a Democrat and I hope and pray they'll take a different approach.

There is a fix. It was proposed in the first Bush Administration. It is to go to 4 millirems effective dose equivalent for beta and photon emitters and to move away from 4 millirems to any organ and it may require a statutory change in order to get that fix at least and getting finality for our licensees. Any finality for any licensee may require a statutory change and the interesting thing will be whether there's support for such a statutory change when the Administration is fully staffed, but I fear that we can say we're going to try to work and all that, but there's going to be continuing battles at every decommissioning site around the country if we don't resolve this issue of finality for our licensees and whether groundwater standard, at least -- if they're going to have a groundwater standard, whether the same groundwater standard can be applied.

COMMISSIONER MERRIFIELD: Mr. Chairman, I'll just add briefly, Commissioner McGaffigan spoke about decommissioning. We do have continuing disagreements there and I think the Commission has committed to Congress that we're going to continue to work with EPA to try to resolve that.

As it relates to Yucca Mountain and perhaps you can put it in a positive light, our peer review, in effect of what it was the EPA doing was taken very seriously and in the end the Administration chose not to go with what we would have done had we had the sole choice, but as Commissioner McGaffigan said, that's the law. EPA had the right to set that value. We're going to have to amend our final part 63 to accommodate that and we'll move forward. And if DOE proceeds with Yucca Mountain, that's the standard we'll apply, salute the flag and that's where we're going to go.

COMMISSIONER MCGAFFIGAN: The last point I'll make, Mr. Chairman, the wonderful thing about American politics is the final arbiter of everything is the courts and you'll probably see lawsuits from both directions with regard to the EPA rule and we'll probably see lawsuits from both directions when we propound our rule and we will have lots of lawyer entitlement going on for large numbers of years in the future.

If you're a young person graduating from law school, get involved in nuclear repositories and you've got lifetime employment.

(Laughter.)

Either work for Nevada or work for the government.

(Laughter.)

CHAIRMAN MESERVE: Let me say on the 4 millirem issue that Mr. McGaffigan talked about that there is the prospect that's held open by the EPA rule that they may reevaluate that issue administratively. It may be possible that can be solved without as statutory change and this is something that the Administration has committed to do. It is possible at the end of the day we may move closer to a 4 millirem effective dose equivalent for Yucca Mountain or the current standard as promulgated by EPA will not allow that right now.

Rick, do you have another question?

MR. BAUM: Mr. Chairman, this is a question from Headquarters. The building temperature in Two White Flint North is getting increasingly more uncomfortable and a typical hot Washington area temperature has not hit us yet.

There is no question that staff productivity suffers towards the end of the day as the temperature and the air quality gets worse. Is the Commission able to do anything about this?

CHAIRMAN MESERVE: We do have some constraints that are imposed on us. There's an Executive Order specifically on this issue and there's some temperature, believe it or not, there is an Executive Order and there are temperature bands within which thermostats are supposed to be set and the temperature bands go as low as 68 degrees in the winter and I believe the upper limit for the summer is 78 degrees.

And we're required to comply with those requirements. If anybody is in an office that exceeds those limits we have the capacity to make adjustments to make your life more comfortable and I'm sure that the people who operate our building and Ms. Norry would be happy to respond to complaints.

(Laughter.)

I told you I'd get even with you.

(Laughter.)

Do you have another question?

MS. MAUPIN: Yes sir. Mr. Chairman, this is a question from the Regions. What strategic decisions need to be made regarding reorganizing the NRC to respond to our changing environment?

CHAIRMAN MESERVE: Well, I think the fact of life for everyone who is in this tent is they have had to respond to changing environment with which we find ourselves. Perhaps the most striking and recent change is this possibility for new construction and in order to accommodate that there has been this new office that's been established in NRR in a counterpart group within Research. That's a preliminary effort to try to make sure we have our arms around the scope of the problem, recognizes the resources that would have to be applied in the event we were to get an application to be able to prepare for the possibility.

I think we've similarly been able to organize ourselves to deal with relicensing, whereas a couple of years ago people had not anticipated there would be this great interest that we now find in the life extension among our licensees. Now it is likely that virtually all the nuclear power plants will come in and seek life extension.

So I think that one of the enduring facts of life that we're going to have here is that we're going to have to structure ourselves in order to be able to accommodate changes of this kind in our workload. I think at the Commission level and I know at various levels within the Commission, we want to make sure we can facilitate these changes in a way that cause the minimum disruption of people's lives, but on the other hand enable us to do the work that needs to be done.

I hope that everyone views that as an opportunity as part of the excitement of the job. And something that gives fulfillment to everybody going forward. We're doing important work.

COMMISSIONER MERRIFIELD: Mr. Chairman, this is a question that comes up every year. And the question is centered around where we stand vis-a-vis the Regions and we have been hearing from NEI that gee, maybe one way that we can save some money is restructuring and do something different with the Regions.

I think in years past, I think all of us at various points have said how much we value the Regions and we see them, a future for them in the Commission moving forward.

The fact is that when you look at this Commission versus where we were 10 years ago, we've had a lot of changes. We've had to respond in that period of time to the challenges before us. If you go forward 10 years, I think you'll see that we have to respond to challenges as well.

In the end, are we going to have Regions? I think the answer to that is yes. Are they going to look exactly the way they are right now? I think there's a real question mark to that. But given all the significant issues we have before us right now, license renewal, license transfers, potential for Yucca Mountain, other materials issues, willy-nilly doing a lot of changes right now doesn't seem to make a lot of sense, but will we evolve? We'll have to in order to maintain the level of high performance we've had in this Agency over the last few years.

CHAIRMAN MESERVE: Let me add, I had not appreciated the thrust of the question as Commissioner Merrifield did, this question about the Regions, whether we're going to have the Regions. There was a statement that was in the NEI testimony that had suggested that that would be a way to achieve efficiency.

It was in the written form of the testimony. It was not something that was said orally at the hearing. Nonetheless, it's there. I just want to say that this is not a matter that is currently before the Commission for our evaluation or consideration.

I guess we have time for one more question.

Rick?

AUDIENCE MEMBER: Mr. Chairman, my question is with regards to Starfire. I'm a bit concerned with this because the Agency has been talking about going to this about a year now and with all the problems that the Commission encountered with ADAMS and ADAMS was a mandatory training process for all employees, however Starfire isn't. I'm a bit concerned about whether or not the Agency is going to have a strong backup plan for Starfire?

CHAIRMAN MESERVE: Let me say that we have postponed the rollout of Starfire for I think over a year now in order to assure that the bumps and problems associated with its introduction were ironed out before we subjected you to it.

I think there is a problem in an accounting system, obviously, that you need to have it be 100 percent there and 100 percent accurate from the day that it starts, just because of the problems in dealing with money if you don't have that kind of a system in which you can rely. So there's been extensive effort that's been undertaken by the CFO with the assistance of the CIO to try to make sure that this system is one that is functional and that we will not have the kinds of problems that we've had with ADAMS, associated with its rollout. And that has included extensive pilot effort where a large segment of the staff have been using Starfire. Unfortunately for them, they've had the burden of also using the parallel system which is the real one to make sure that we have a system with results that are identical through both systems and where we have the problems are ones that are exposed and can be corrected.

So this is something that -- which a lot of attention has been paid in order to assure that we have minimum problems when Starfire was rolled out. I can't tell you it's going to be problem-free. No one can make you that promise, but I think it's been very aggressive efforts and that in order to assure -- give us some assurance about reliability and about its capacities before we force this on the entirety of the staff.

AUDIENCE MEMBER: Are we going to have a really good backup plan in place? We didn't seem to have much of that as far as ADAMS was concerned.

CHAIRMAN MESERVE: I think the whole point of this process has been to have the confidence that this system will operate on the day we start it because of the problems in cutting over from one kind of accounting system to another, so you need to have something in which you can have confidence from Day 1 that's going to work.

AUDIENCE MEMBER: Thank you.

CHAIRMAN MESERVE: One more question. Rick?

MR. BAUM: This is another Headquarters question. This is actually a follow-up on FTE issue.

Given that many branches and organizations at NRC, a number of a staff, 55 and up, 55 percent, 60 percent and 70 percent of the staff, how is the Agency planning for the huge portion of staff retiring in the next two to three years?

CHAIRMAN MESERVE: This is a very, very serious issue. We have across the Agency, we have now five times as many people over 60 as we have under 30. People talk about the aging problem in NASA and their ratio, as I understand it is between 2 and 3 to 1. And so this is a consequence of the fact that we have had a declining budget and declining FTEs and we've been able to accommodate that by basically not hiring over the years to -- at the same levels which people were leaving the Agency. That has changed the demography of the Agency over time so that we are older than we were years ago, collectively and on average.

We do have a challenge that we need to have a strategy to be able to deal with that situation. We had a briefing by -- of the Commission just yesterday in which we had a presentation on how we're going to deal with this and related manpower issues. It does involve the very aggressive efforts and recruitment and making sure that we hire people, making sure we hire them in a timely fashion so that there is a capacity for people who have been doing jobs and are skilled at the jobs to serve as mentors and to train the people who are going to be their successors. And to try to recognize where these situations are going to arise and make sure that we have continuity in our performance of the staff.

Let me say as well that one of the things that we have sought to do is to eliminate a problem that arises in federal law if we attempt to hire a retired NRC employee to come back on a consulting basis to fulfill a need. This obviously is a n enormously valuable resource for us, people who really know our culture, know the job and might be available to us on a part-time basis in retirement to be able to help us fulfill our obligations.

As it turns out, the way the federal system operates, if somebody comes and works in that way for us, it's a direct offset against their pension, so basically they're working for us for nothing.

We have gotten a temporary waiver authority so in an emergency basis we can deal with this situation and can hire people without them not having that disadvantage, a limited number, and we are trying to seek some statutory changes in order to facilitate our capacity to do this on a broader scale.

I don't know whether we'll be successful in this, but manpower issues are ones that are -- people are now recognizing exist throughout the federal government and we have them particularly at the NRC and we are very worried about it and have a program to try to address is.

COMMISSIONER MERRIFIELD: I think, as you can tell by the Chairman's comments, the Commission is engaged and very actively in this issue. We had a meeting yesterday on this. We have asked Congress for additional tools to allow us to retrain and hire and maintain a qualified work force here at this Agency and one of the things that the Chairman said and you had to listen very closely, he said that the ratio of workers who are over 60 to those who are under 30 is 5 to 1. In comments that we have all made in the -- two months ago we would have said 6 to 1. And that is reflective of the fact that the folks in HR have been working very hard to bring new people into the Agency. And so I think there's a demonstrated fact of a recognition that we know is a problem and also a commitment on the part of the Commission itself as well as senior management to identify the tools we can to make sure that we solve it.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I might just add, one of the things that became clear yesterday is that the different offices have different problems. NMSS has different issues from NRR and from Research and the interesting thing is that we have this quiver of instruments that we can use under current law to try to deal with the problem and different offices are going to choose different instruments, depending on what their needs are. The NMSS, for example, is looking at the Center for Nuclear Waste Regulatory Analysis in San Antonio and whether there's some additional ways we can use them and that's unique to NMSS.

Research has other approaches. OGC sees some of the arrows in our quiver as being particularly appropriate to them, being able to pay back education. The law now allows up to \$40,000, \$6,000 in any one year to be paid back to prospective employee and that's attractive for people who build up large debts going through law school. So there's different approaches and the interesting thing is that the staff at the office level has an approach and I'd actually encourage the Office Directors, we are talking about internal communication a lot today, maybe some of the slides that were used yesterday with us could be used with their own internal staffs to sort of tell them what the general plans are for trying to deal with their particular office's issues.

CHAIRMAN MESERVE: I'd like to thank you all. This was very interesting for us, the questions were very interesting for us to hear. I hope you found the answers interesting.

In any event, I appreciate your coming. This is a valuable session and with that, we're adjourned.

(Whereupon, at 3:07 p.m., the meeting was concluded.)