

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

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ALL EMPLOYEES MEETING

(AFTERNOON SESSION)

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WEDNESDAY

MAY 11, 2005

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ROCKVILLE, MARYLAND

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The Afternoon Session of the All Employees Meeting was convened in the Plaza Area of the White Flint Complex at 1:30 p.m., Dr. Nils J. Diaz, Chairman, presiding.

PRESENT:

NILS J. DIAZ	Chairman
EDWARD McGAFFIGAN, JR.	Commissioner
JEFFREY S. MERRIFIELD	Commissioner
GREGORY B. JACZKO	Commissioner
PETER B. LYONS	Commissioner

## PROCEEDINGS

(1:32 p.m.)

MR. REYES: Good afternoon. Can we please be seated? We're ready to start the afternoon session. Thank you.

Good afternoon and welcome to the 14th All Hands Meeting between the staff and the Commission. We have been doing these meetings every year since 1991 with one exception. In 1993, we didn't hold the meeting.

It is my please as EDO to welcome this year All Hands Meeting supported by the full Commission. The purpose of this meeting is to facility communication between the Commission and the staff. And for the Commission members to share their views and to provide specific insight through answers to staff questions. And for staff to see and hear newly-appointed Commissioners.

In addition to headquarters, we have the regions and TTC who are viewing this on video and the rest of the inspector sites who are hooked in by audio.

After the Chairman and the Commissioners make their remarks, there will be time for questions. There are microphones in the aisles for people to walk to the microphone. We also have cards that we have given out if you prefer to write your questions.

A reminder that questions pertaining to labor relations and to specific individual personnel situations should be addressed through the agency partnership process.

The regions and the TTC can phone in their questions and we'll have members of the staff who will be reading those questions. Our volunteers this afternoon to read the questions are Susan Cusseaux from Admin, Rhonda Bethea from NSIR, Cathy Grimes from Research, and Mauricio Vera from SBCR.

I would like to acknowledge the senior staff seated at the front and the officials of the National Treasury Employees Union, welcome, that are here today.

It is now please that I introduce Chairman Diaz and turn the meeting over to him. Chairman Diaz?

CHAIRMAN DIAZ: Thank you, Luis.

Good afternoon everyone. Welcome again to the NRC Annual All Employees Meeting. And I would like to say that you have now seen policy being made. The Commission took its jacket off so you can do likewise, all right? And that was one of the quickest decisions we ever made. In fact it might have been the fastest decision we ever made.

My colleagues and I are pleased to join you again here in the Tent on the Green. I don't know whether this has much green anymore but we're pleased to be here. Please to be here to talk to you and to answer your questions.

I'll make a few remarks and then I'll ask my fellow Commissioners if they have additional comments. But as always, you know, the key thing is that this is an occasion for you to communicate with us. And we like to hear your questions. We try to answer them. Sometimes you will hear multiple answers and that will give you a feeling that you're really in front of a Commission. And that's the way we work.

I'd like to take a minute to welcome Commissioners Jaczko and Lyons to their first NRC All Employees Meeting and to thank Commissioners McGaffigan and Merrifield. They, again, are taking not only the weather, heat, but normally I would pass the hot questions to them.

Because of prior commitment, Commissioner Lyons will have to leave the meeting early this afternoon. And we understand that was a prior, prior, prior commitment. We won't forgive you but you can do it.

I also would like to compliment Commissioners Jaczko and Lyons for really the speed at which they have assumed their new responsibilities and the quality of their contributions to the Commission's deliberation. I will abstain in making the same comments about Commissioners McGaffigan and Merrifield.

The Commission started the All Employees tradition, like we say, so many years ago. And the idea was how do we foster direct interactions between the staff and us. I know that the best means still of interacting with us remains the elevators. The elevators give us ample opportunities because of their speed to actually talk to you.

(Laughter.)

CHAIRMAN DIAZ: So every time I ask Pat Norry to fix the elevators, she says how are you going to get your feedback if you don't have to wait around?

Let me also welcome, like Luis did, all of the other NRC employees from the regions, the TTC, and all the sites that are connected inside headquarters to the afternoon. The Commission values everybody's participation.

Since last year, you have seen many significant personnel and programmatic changes, including at the Commission. Perhaps no one has been so dramatically effected as being the High-Level Waste area. Last year at this time, we believed we were only a month away from the anticipated submission by the Department of Energy of an application to construct a high-level waste repository.

You all know that there have been many, many developments and the application has been delayed. However, we continue to ensure that we are prepared to carry out our responsibilities in this area. But no doubt the agency has been significantly impacted.

On the other hand, last year we were still wondering what was going to happen with new reactors. And new reactors' activities appear to be gaining momentum now. The industry continues to explore the possibility of constructing new plants using certified designs, early site permits, and combined construction operating license applications.

Brown's Ferry seems to be on schedule. TVA is considering the Bellefonte site again. And just a few weeks ago, I presented the Commission testimony to the Senate Committee on Energy and Natural Resources about new nuclear power generation in the United States.

The hearing, I think, the next day was followed by President Bush's statement on the need for nuclear power deployment and the need for efficient licensing and regulatory processes. Somehow it seems like that was very close to home.

We are, I believe, at a critical point where we have to be prepared for such a contingency. Although much uncertainty remains, we can see one, three, or five license

applications in the 2007-2009 time frame. If so, we will have a significant resource challenge, one that we need to begin addressing now. In fact, one that we have begun to address now.

I fully expect that the 2007 budget currently in development in the staff will address this need and will also cause some difficult decision-making for the Commission.

In the security area, I noted last year that much has been accomplished. And that is true. And much was done. And that is true. And that I believe we were approaching a period of stability after our intense efforts for three and one-half -- three years of time to enhance security following 9/11.

In many ways, this is still true. However, we remain challenged in this area. Some in the radioactive sources arena and some additional enhancements and oversight in the nuclear power plant safety and security framework.

We also know we have also pushed the envelope in the area of preparedness which is an area that I believe deserves our full attention.

The report of the National Academy of Science on the security of spent fuel pools has also brought specific issues that we are addressing.

In addition, the House-passed version of the Energy Bill contains some security-related provisions that if enacted, will have some important impacts on our security programs.

We will have to see what the Senate does with the bill but I think it is fair to say that Congress is focusing some attention on security issues and that we may have some new initiative to address in this area. The Commission will soon testify in hearings on this and on safety oversight matters.

All NRC offices have a very full plate. I know that. I see it from my -- what is it, 1,000 foot level, 100 foot level, whatever, Commissioner Merrifield's foot level, we work out the different types.

COMMISSIONER McGAFFIGAN: You have to have been here this morning.

CHAIRMAN DIAZ: Yes.

But everybody, the Commission offices really have had a tremendous amount

of things continue to have to monitor those things to do. All the Commission-level office, the entire EDO organization, the regions, our training programs, everything that we do is really with a full plate.

We understand that. And we appreciate the efforts that you make in every one of these areas.

It is equally important that we recognize and value the diversity of our staff and the variety of opinions that are expressed by them. Diversity of viewpoints is a strength and a potential source of valuable ideas.

My colleagues and I are grateful for everyone's diverse contributions to our agency including different professional opinions.

I want to touch on two other subjects that are of high interest to our employees and to the Commission and they have become particularly critical since our last employees meeting.

The first has to do space utilization at the White Flint Complex. I'm sure you all have noticed that space is at a premium on both White Flint One and Two. The Office of Administration has been monitoring, surveying, addressing the situation for a long time now, for at least the past year, intensively.

This study keeps going on on an ongoing basis. And we will be addressing space needs as they arise. However, I personally believe that given the NRC's current staffing and projected future staffing needs, it will be inevitable that at some point in the near future, possibly as early as 2007, we will need to seek additional space in the immediate vicinity of the White Flint Complex to house some of our staff and our activities now located within the complex.

The other phenomenon that you might have noted is the accelerated rate of retirements lately in the NRC staff. As you know, for some years we have been predicting a rapid increase in the retirement rate and consequent loss of critical skills. But many employees choose to stay rather than retire. After all, this is a good place to work.

We could be seeing this long-anticipated exodus of critical skills and therein veteran employees. One telling statistic is that the list of employees that celebrated a 25th

anniversary have now shrunk from 300 to 182 right now for their 30th anniversary.

I'm confident in the recruitment activities, training programs, and critical skills surveys and analyses done by Human Resources will help us address this coming crisis effectively.

I know the EDO is working actively in addressing these issues including the fact that succession planning has now become a critical activity at the Nuclear Regulatory Commission and all senior managers are working aggressively to address it.

I tried to cover quickly a number of areas that I believe were in discussion in our sessions today. But I'm sure I left many others untouched.

I, therefore, want to finish my comments with something that I think reflects not only my own personal feelings but of the Commission that I value both emotionally and rationally the work that you do. And whether you are here or at the regions, sometimes we don't see you because we do see the fruits of your labor.

Whether you work in a small or a large office or whether you are technical or not technical, your work is appreciated and we do see the results of it.

It takes all of us working together to achieve the notable goals that we have in front of the agency that we have discharged and we will continue to discharge.

My colleagues and I thank you for your outstanding support.

Commissioner McGaffigan?

COMMISSIONER McGAFFIGAN: Thank you, Mr. Chairman.

I'm never going to do the same thing I did this morning because it is always made up as I go along. But I do want to associate myself entirely with the Chairman's remarks, which, as I said this morning, isn't always the case as you can tell from Commission meetings and briefings.

I got an insight at lunchtime about how different an agency we are today from before September 11th, 2001. The Chairman and I went off to the cafeteria for lunch. It had to be about 12:03 or 12:04 or something like that.

And I saw Glenn Tracy sitting in the lunchroom which, by the way for those in Admin, I don't understand exactly why it was so constrained today and there was a big

space saved, but whatever. But I saw Glenn. He was sitting there with his cell phone at his ear, getting his messages.

And, you know, just to make all those folks in the front row, he didn't exactly get off the cell phone rapidly because I happened to sit down next to him. But he heard his messages, and then he hung up, which is good thing because the next thing you knew, Bobbi Warren was calling him, telling him probably around 12:07 about the evacuation of the White House and parts of the Capitol and he needed to get up to the skiff real fast.

And so he got up to the skiff real fast. I got one question in edgewise about how a meeting he had yesterday in the Vice President's office went and the answer was well. But that's not the way the world was on 9/11.

We have done extraordinary things. And we're part of the fabric of the government today. Not that we didn't know on 9/11 real fast what was happening but all of us were trying to sort through. I mean it was the shock.

But, you know, Bobbi is connected to government. She is connected to Glenn. I'm sure Glenn quickly got connected to the EDO. And decisions were made that are entirely appropriate. We're here now because the crisis is over.

The other thing I want to emphasize that the Chairman touched on and I emphasized this morning is the importance of this generational transition that we are embarked on. In many ways, that is the most important thing that we're about.

We can all make good decisions or enable our colleagues or our successors to make good decisions in 2010 about call applications or about the security matters or whatever. But we have to continue to focus on this generational transition that is occurring.

We've lost lots of good people lately. And we're going to lose more. And we're hiring lots of good people. And we're going to hire more.

We have to make sure that they have the wherewithal to understand why we do what we do. Commissioner Lyons could talk to you about the Legacy Project at Los Alamos that they started working on in the early 90s.

I don't know how successful it has been but they recognized that they were losing almost everybody who had ever seen a nuclear weapon detonated except Mr. Lyons.



They lost him, too, to us.

And we have a mission. It is not going to go away. And we have to address what Ellis Merschoff used to call the important but not urgent. And I know we're seized of it. I'm not absolutely sure we're doing enough. I think some of my colleagues are very complimentary and I'm complimentary of all that we've done. But I think we may need to do more.

I think I'm going to stop with that, Mr. Chairman.

CHAIRMAN DIAZ: Thank you, Commissioner McGaffigan.

Commissioner Merrifield?

COMMISSIONER MERRIFIELD: Mr. Chairman, I would just say, I mean obviously as you can tell, there's a lot of concurrence among members of the Commission on these views. And I would concur with my fellow Commissioners.

We've been in a period of really dramatic change at this agency over the years. I first came here in 1998. That was not long after this agency had seen a variety of reactors shut down. It was the period where we had received some very critical comments from folks up in Congress about the way we were doing business.

We made a lot of changes in the way we do business. I think this agency has done remarkably well in the period since 1998 in the challenges that we have dealt with.

Today the nature of what is ahead of us is quite different. We have the issues Commissioner McGaffigan has spoken to relative to 9/11. And we are continuing to deal with the consequences of that in the security changes that we are making going forward.

We are also at a precipice right now where the industry of which we oversee is on the edge of perhaps additional dramatic transformation in respect to the possibility of building new nuclear power plants in the United States.

That's going to have enormous consequences for our agency. And, in fact, could lead, as the Chairman has alluded to, to some significant increases in the number of staff that we will need not only to ensure the continuing safety of the reactor fleet we already oversee and the materials licensees that we oversee but the possibility of the building of new reactors.

Our ability to accomplish all of those tasks is directly and proportionately associated with the staff that we have been able to gain here at the agency who have really stepped up to the plate and done an extraordinarily good job of meeting those demands.

The Commission's role is to act as a policy arm of the agency to help set direction. But in terms of making that direction happen, it is really all of you who are the ones who really make it occur.

We have another challenge that both Commissioners have spoken to. That's the issue of new staffing. We are critically committed along with our senior agency management to make sure that as our workforce continues to move through, and many of you are at the point of retiring, that we can replace you with people who are as highly qualified as you are so that we can continue to meet the critically important health, safety, and environmental protection mission that we have as a steward of the civilian uses of nuclear materials.

And our ability to achieve that, again, has been, is, and will always be successful because of the high-quality staff and the work that all you are doing that help make us look good as an agency.

That's why I would, as they have previously, thank you all for all of that very hard work.

CHAIRMAN DIAZ: Thank you, Commissioner Merrifield.

Commissioner Jaczko?

COMMISSIONER JACZKO: I want to, as I said this morning, when I get to go fourth, I get an opportunity to echo the comments of many of the people who have spoken before me. And I do want to say that I agree the comments that my fellow Commissioners have made.

And I do also want to take this opportunity to thank them for the guidance and support that they have given me and Commissioner Lyons as we're getting up to speed on how this agency works and how we can be most effective in executing our duties as Commissioners.

One of the things that I found through most of my dealings is the amount of

compliments I get from people that I meet with about the quality of the NRC staff. And I think it is always a very good thing to hear that.

And I hear that from -- whether it is people we meet from other countries who look to the NRC as a model for how they should regulate their own commercial nuclear facilities or materials. And so I think it is a really nice thing.

And I thank you for the work that you do. It is an important work for the country and I think it's important that you continue to maintain the high standards of integrity and thoughtfulness that you have in your current jobs.

So I look forward to this afternoon's session and to hearing the questions that you have and hoping to get an opportunity to share some of my thoughts with you.

CHAIRMAN DIAZ: Thank you, Commissioner Jaczko.

Commissioner Lyons?

COMMISSIONER LYONS: Well, as the most junior Commissioner, albeit the one with probably the most gray hair, I think I can -- I don't know, Ed, I think I'd probably win. I know I win over Greg.

But in any case, as the most junior Commissioner, I get to concur with the comments of all four Commissioners who spoke ahead of me. I very much want to associate myself with the remarks that they made.

I've been with you now a grand total of about three and a half months. And it has been a fabulous learning experience for me. I've learned a great deal from my fellow Commissioners and from many, many members of the staff.

In my interactions with the staff both here at headquarters and now I've started to visit a few of the sites and two of the regions, as Commissioner Jaczko said, I am just incredibly impressed with the dedication and the expertise and the commitment that all of you bring to your job every day.

The role of the NRC, the role that you are performing is absolutely critical to this country. And in answer to one of the questions this morning, I made the comment that I'm convinced that our nation needs new energy sources, needs new electrical generation sources.

I also believe that it will be very difficult for this country if nuclear is not a strong participant in our future energy portfolio. But whether it is or not is going to largely depend on the way all of you perform your jobs to make sure of safe and secure operations every single day.

As the Chairman mentioned, I will leave just slightly early. This is a commitment that predates my time on the NRC. And I will be joining my wife who is already overseas. And I delayed to be here for this meeting. But I will duck out just maybe ten minutes early to make sure I can catch a plane. And I'll look forward to questions.

CHAIRMAN DIAZ: Thank you very much Commissioner Lyons.

And let the fun begin. No, no, no, don't take that. Let the questions begin.

PARTICIPANT: Mr. Chairman, this question is from headquarters. The NRC staff --

CHAIRMAN DIAZ: I'm sorry. Could you speak on the microphone?

PARTICIPANT: Okay. This question is from headquarters. Is that better?

CHAIRMAN DIAZ: Yes.

PARTICIPANT: The NRC has sent Congress a legislative proposal to include accelerator-produced and certain other radioactive materials in its jurisdiction. Will this encourage states to join the Agreement States Program?

CHAIRMAN DIAZ: I don't know. I don't think so. I think this is an issue that many years ago we discussed of how inclusive should we be. Should we really be considering those sources of radiation that are not, you know, under the Atomic Energy Act and that we believe we have the expertise, the capabilities, and sometimes even the responsibility of regulating.

But I don't think it has any direct bearing on whether the states actually get in there or not. It might actually dissuade some states. But I'll let Ed --

COMMISSIONER McGAFFIGAN: Well, I would just add that this part of our legislative program did not win support in the House Energy Bill. I haven't seen the latest draft on the Senate side. I don't think it is going to be in the Senate side.

So, it's one of these things we asked for. It's like external regulation of DOE.

I remember when Chairman Diaz and I first came here in 1996, one of our first briefings was by Tom Grumbly, then the Assistant Secretary of Energy for something.

But he was in charge of external regulation for Hazel O'Leary and we put a lot of resources into it and we testified. Shirley Jackson testified. Dick Meserve, I think, testified. And Congress in its infinite wisdom -- I look at my colleagues here -- decided thus far not to do it.

And sometimes it is a good thing what Congress decides. Sometimes it isn't. But I can say as a former Congressional staffer myself, because if you add the burden at this point of doing NARM to the burdens that the Chairman talked about in security and advanced reactors and generational change and the potential Yucca Mountain application, we think you guys are heroes and you work very, very, very hard. But we don't want to break the bank. We don't want to break your backs.

So I don't think NARM is going to happen. I don't think external regulation is going to happen. If you have other questions along those lines, you might ask and we'll tell you what else isn't going to happen. But we'll keep pushing.

CHAIRMAN DIAZ: Commissioner Merrifield.

COMMISSIONER MERRIFIELD: Yes, Mr. Chairman, as is the case with a lot of things, when you see the Commission in a public meeting, there are occasions where Commissioner McGaffigan will say something and then I will make a statement that is not necessarily in accord. And I think this is one of those cases.

I mean the heart of the question is the decision, if we were to be given NARM regulatory authority, would that sway states one way or the other. That's the heart of the question.

In my personal view, we just met with the Agreement States and CRCPD individually yesterday. I don't get the sense it is going to make a big decision one way or the other.

My personal view is that I think we do have a role in regulating NARM. And I was a strong supporter of that decision by the Commission. I think it is the right thing to do. I think it was a mistake in the original drafting of the Atomic Energy Act that we were

not given that authority.

Now it is currently not in either the House or Senate Energy Bill. And there are four former Senate people here. There is an awful lot that can happen on the floor of the Senate and it may well get added. And I think it perhaps should get added on the floor of the Senate. But that's a call of Congress to make.

I think we can do that well. I think we can do it with the right level of staffing. I don't necessarily see it as -- and perhaps I disagree with Commissioner McGaffigan, I don't see it as being perhaps as big a distraction. But we'll see what Congress decides in the end.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, could I just add one thing in defense? Commissioner Merrifield and I, because of the choice of probably my language since he often times follows me, sometimes appear to disagree. I think that NARM legislation would be good. I think that external regulation of DOE's science labs would be good.

I do worry about burdens. And I worry about all the other stuff on our agenda at the time. And I just shared with you my personal judgement as to whether the Congress is likely to do either of those things.

And the things that Congress isn't likely to do, I tend to spend not a lot of time thinking about.

COMMISSIONER LYONS: One of the trips I was able to take just recently was to the annual meeting of the CRCPD. And that was certainly another part of my learning experience.

In the discussions I had there, I would certainly concur with the Chairman's comment that I didn't get the impression that this issue is going to be the decision maker for any state as to whether they're going to become an Agreement State.

But I did have a couple of folks from Agreement States indicate strong support for this move because they thought it would simplify their overall regulatory posture if more of the appropriate regulatory framework was under us.

CHAIRMAN DIAZ: All right. Next question please.

PARTICIPANT: Mr. Chairman, how do the Commissioners see the agency handling the necessary rulemaking related to incorporating the changes in the security arena since 9/11 to involve public stakeholders?

CHAIRMAN DIAZ: Well, that's a broader question that goes to the issue of how do we handle post-9/11, the issue of being an open agency like we have always been and being an agency to have the responsibility of protecting not only public health and safety and the environment but common defense and security.

I believe that the way that we see it is that these rulemakings are going to go through. And as much of the rulemakings as can possibly be will be available and open.

Those parts of the rulemakings that contain specific information that could be misused are probably not going to be made public. And they will not be discussed in the public forum.

Interested stakeholders that have a particular need shown and have the proper clearances will probably be able to address it if necessary.

I think that, you know, you look at the present Part 73, you would see that almost staring at you how it will be done. We will not put details in whatever gets public. We won't say how many attackers, responders, what is the size of the bombs, or, you will not have available what the licensee's defensive plans are.

But a lot of what people need to know that we're doing the right things, I think can be and will be made available.

COMMISSIONER McGAFFIGAN: Well, you know, I entirely agree with the Chairman so I don't think I'll add anything. We intend to do this. We intend to do it within the Administrative Procedure Act. We've done this before. And we'll protect the information that needs to be protected.

And it will be quite frustrating for some stakeholders. But as I pointed out this morning on a slightly different question, we have involved public stakeholders in the sense that state government officials, state homeland security advisors, state emergency preparedness officials have contributed, federal law enforcement, federal intelligence.

We have not made our decisions on security in a vacuum. We just haven't --

just as Don Rumsfeld doesn't open up his latest plans for Iraq or Condi Rice her latest plans for negotiations with Japan to public scrutiny, we don't either.

I mean the equivalent stuff is not going to be in the public domain. And it will be frustrating, I think, if you are a Japan-U.S. relations specialist, it's probably frustrating to you that Condi doesn't open up her East Asian bureau to every memo that might come to her about U.S.-Japanese relations.

But that's the way the world works. It's different from -- it isn't really different from how we behaved before 9/11 because when the Commission prior to our arrival did the vehicle bomb rulemaking in the early 90s, we didn't say what the size of the vehicle bomb was. People discerned it and too many leaks.

But we can say that we're doing something and that it is quite large as we did in 1993. And that it is almost uniformly better than anything else than anywhere else in the civilian infrastructure is doing.

COMMISSIONER JACZKO: I just want to add one thought to that and that really is to stress the importance, I think, of the rulemaking process. Although, as the Chairman and Commissioner McGaffigan said, there will be some aspects, for instance, of the DBT rulemaking that we can't make public.

But going through the process of doing the rulemaking is extremely important to ensure public trust and confidence in the actions that we're taking and particularly in the security arena. So I think it is certainly important to do that rulemaking.

CHAIRMAN DIAZ: All right. Next question please?

PARTICIPANT: Good afternoon. Mr. Chairman, this question is from headquarters. When considering applicants for senior positions, which is considered more valuable, technical skills or managerial competence?

CHAIRMAN DIAZ: Both.

(Laughter.)

CHAIRMAN DIAZ: Does that answer your question?

PARTICIPANT: Yes.

CHAIRMAN DIAZ: All right. Next question.



PARTICIPANT: Mr. Chairman, this question is from headquarters. What steps is the agency taking to ensure that diversity issues are considered as the agency fills senior management positions?

CHAIRMAN DIAZ: Well, I hope we have answered that time and time again. I believe that the agency was striving by the time I got here to become a more diverse workforce. I know that for a fact now. I think we are a diverse workforce. Look from the Chairman down and you will see that that has taken place.

And fundamentally, I think it is now not a matter of we saying this is taking place but I think it is now part of the way we do business. I think, and I said something years ago which I don't know whether it has been repeated or not but fundamentally, the bottom line of the success to have a diverse workforce is when eventually we don't have to talk about it anymore. We will be successful completely then.

We still talk about it because I think we still need to improve and do things. But I think we have made significant progress. I don't think that is an issue. And if it were an issue, I can assure you, we'll take care of it very, very rapidly.

COMMISSIONER McGAFFIGAN: And I want to compliment the Chairman. I think he has been a leader on this, whether as a Chairman or as a Commissioner prior to being Chairman. His comprehensive Diversity Management Plan that is in place today is a testimony to the Chairman's and Mr. Reyes' commitment to this issue.

I would also note -- I mean we may look like a bunch of white guys up here but this end of the table represents the immigrant and son of immigrant faction of the Commission, including the immigrant, son of immigrant, son of immigrant.

And so diversity can mean a whole bunch of different things. And I mentioned at the Reg Info Conference and this conversation reminded me how wonderful this nation is in being able to -- and we have nothing against people who came across on the Mayflower either.

(Laughter.)

COMMISSIONER McGAFFIGAN: But how wonderful --

COMMISSIONER MERRIFIELD: I'm not going there.

(Laughter.)

COMMISSIONER McGAFFIGAN: -- to have this sort of representation at this Commission. It would happen in no other country on the face of the Earth that you would have two sons of immigrants and one immigrant himself to serve on the five-person body heading a Commission.

And it should make -- so we're all in some sense, even if we look like white males, we are interested in diversity. And we're interested in achievement, success being based on technical and managerial achievement.

COMMISSIONER MERRIFIELD: Well, I'm not going to claim anything --

(Laughter.)

COMMISSIONER MERRIFIELD: -- except, I've sat through and been an active participant in the semiannual meetings that we have on a diverse workforce. And, I think anyone who has sort of sat through those and seen the things that I've done and the work that I've tried to accomplish in those, I don't think anybody would question my commitment to diversity.

I think it is critically important to recognize we have made progress. It is critically important to recognize we have a long ways to go in a lot of different areas.

But I think uniformly in the time that I've been on the Commission that the Commission itself has been absolutely dedicated to keeping our senior management's feet to the fire to make sure that we are continuing to make progress. And we will continue to do so.

CHAIRMAN DIAZ: Thank you.

Commissioner Jaczko?

COMMISSIONER JACZKO: And I just want to comment on this briefly. And not necessarily to say anything different but to simply comment because I do think it is important that as the Chairman said, when we no longer have to talk about having a diverse workforce is when we've accomplished what we need to accomplish.

And this Commission has done a lot to get us there but there is always more work to do. And, we'll certainly continue to work to get there.

CHAIRMAN DIAZ: Commissioner Lyons?

COMMISSIONER LYONS: I would just concur with the comments of my fellow Commissioners but also add for Ed's benefit that I am also a grandson of immigrants. So that sort of counts.

COMMISSIONER McGAFFIGAN: So there's one Mayflower and four not.

(Laughter.)

COMMISSIONER McGAFFIGAN: I'm teasing, I'm teasing.

CHAIRMAN DIAZ: Next question please.

(Laughter.)

COMMISSIONER MERRIFIELD: Just to be historically accurate, I actually had family members that were here before the Mayflower. So anyway.

(Laughter.)

CHAIRMAN DIAZ: Next question.

COMMISSIONER MERRIFIELD: Yes, I'm the only lawyer among this Commission. Thank you, Karen, for --

PARTICIPANT: Good afternoon, Mr. Chairman.

CHAIRMAN DIAZ: That will be held against you -- I mean no, it won't be held against you.

(Laughter.)

CHAIRMAN DIAZ: All right. Next question please.

PARTICIPANT: Good afternoon, Mr. Chairman. This is from headquarters. Does the Commission anticipate recommending to Congress that the U.S. adopt reprocessing of spent fuel?

CHAIRMAN DIAZ: No. No, the Commission does not anticipate recommending that to the Congress of the United States. The Congress of the United States will have to recommend that to the Commission or actually pass it.

I think it is an issue that keeps coming. I think, we've talked about it in years past. I think in the United States, it really in many ways is an issue of cost. The cost of reprocessing is larger than the cost of the once through.

But eventually I think the country is going to have to face up to the two facts of the issue of resources if there is really a large population of reactors and the issue that you can actually improve the disposal of high radioactive waste by reprocessing it.

And it is not a simple process. It will, of course, entice many, many difficulties. And I'd rather leave that to the Congress than to tackle it.

Yes, sir? Go ahead, Peter.

COMMISSIONER LYONS: I very much agree with the Chairman that it is up to Congress to change the national policy for spent fuel. But I guess I would also like to say, and for any of you who know my background, on the Hill I worked with Senator Domenici on the so-called Advance Fuel Cycle Initiative, which is designed to explore on an R&D basis alternative approaches to reprocessing that would result in less proliferation concerns and at lower costs.

But whether the country ever moves to reprocessing I don't know. But I think it's -- and it's not up to this Commission -- but I do think that it is absolutely critical, this is on a personal basis, I think it is absolutely critical that the country be doing research so that we are able, as a country, to make the best decision on reprocessing if that comes before the Congress in the future.

COMMISSIONER McGAFFIGAN: And, Mr. Chairman, I just might add that Congress really has never made decisions on this issue. A lot of people refer to the Carter policy of 1977. President Ford actually was the first to decide in 1976 that at least temporarily we weren't going to pursue the Barnwell -- is that the right name --

CHAIRMAN DIAZ: Yes.

COMMISSIONER McGAFFIGAN: -- for the processing plant -- and then President Reagan reversed the policy and Chairman Diaz and I, who occasionally talk about these things, dug out the Presidential memorandum and it was very interesting from -- I think it was October of 1981 -- in that the President said I revoke the two previous Presidential policies.

But I also, being a fiscal conservative, the only help I'm willing to give the industry if it chooses to go this way is to perhaps purchase plutonium for the Clinch River

Breeder Reactor from the private sector reprocessing entity. And then, of course, Clinch River a couple years later was voted down as well.

So there is no impediment to somebody giving us an application, and there hasn't been for 24 years, to somebody giving us an application for a reprocessing plant. It's the point that both Commissioner Lyons and Chairman Diaz made. Thus far, the technologies that we know about and that are used overseas have not proven to be economically efficient.

And the Purex reprocessing -- and if you look a century ahead, does that make sense? No. If we continue to use nuclear power in the quantities -- at some point, we'll have to face this. But that point is not going to be soon I don't believe.

CHAIRMAN DIAZ: Commissioner Jaczko? No?

All right. Next question please.

PARTICIPANT: Mr. Chairman, this question is from headquarters. Would you characterize NRC's relations with IAEA today as improving, worsening, or staying the same since the invasion of Iraq?

CHAIRMAN DIAZ: It is a continuous challenge for us to maintain and improve our relationships with IAEA. I think we have the obligation to maintain those relationships. I do believe that in a certain way we're narrowing down the number of issues in which we have some controversy.

We continue to work together on issues that are under our responsibility. We have a limited amount of issues that are really totally the responsibility of the NRC. It is the Department of Energy who really leads a lot of this issue.

But I do believe we maintain good relationships. At times we are challenged by different ways of conducting the operations at IAEA but we continue to work with it. Is that politically correct for you?

COMMISSIONER McGAFFIGAN: Do you want me to be politically incorrect?

CHAIRMAN DIAZ: Yes, you could be.

COMMISSIONER McGAFFIGAN: I agree with the Chairman. And it depends what you mean by IAEA. I won't steal Commissioner Merrifield's thunder. But

Commissioner Merrifield and Luis Reyes and the whole team did an outstanding job at the 2nd Review Conference or 3rd Review Conference of the Convention on Nuclear Safety recently.

And that shows just how engaged we are and have been for years. We do have some problems with IAEA that are totally separate from Iraq that bear on how IAEA is going to deal with security going forward. We have a very good system. Marty Virgilio is our representative to the Committee on Safety Standards. There are four subcommittees that feed into that in transportation, waste, reactor safety, and radiation protection -- I needed help.

And that process works really well. Unfortunately, we are not yet integrating security with that process and we've had some discussions at fairly senior levels in the government about how to do that. And we'll probably continue to have those discussions.

But if I were looking for an issue in IAEA space that is problematic, it is how security is being handled. Everything else, and the Commission is so much better informed today about IAEA matters than we were when the three elderly Commissioners or whatever arrived. That's what the Chairman called us recently. It was a mistake.

CHAIRMAN DIAZ: Well, yes, it was a mistake.

COMMISSIONER McGAFFIGAN: But in any case, we are so much more informed now. We have so much visibility. And that's a compliment to the EDO, the Deputy EDO, and their predecessors and to Janice Dunn Lee and Margie and their -- we'll I'll stop there.

CHAIRMAN DIAZ: Okay. Yes.

COMMISSIONER MERRIFIELD: Well, I just, you know, I'll use the occasion, and Commissioner McGaffigan has mentioned it, to mention the extraordinary amount of work that went into preparation for the most recent Convention on Nuclear Safety. By the staff, by Luis Reyes.

It was an extraordinary experience and opportunity to engage with our international counterparts representing, I think over 50 countries, in which we made a presentation about what we're doing as an agency to ensure safety for the reactors that we

regulate here in the United States.

I think having participated in that convention and on a previous occasion having had an opportunity to go to the IAEA general conference, I went with the Chairman going on two September's ago, really opened my eyes as to the tremendously important role that we play in the area of nuclear safety worldwide.

From the standpoint of nuclear safety, we are the largest regulatory body in the world. What we do, what we say, how we involve ourselves in IAEA is critically important. And our counterparts who are part of IAEA look to us and what we're going as a regulatory body to inform what they are doing.

Now some of them copy what we do almost verbatim. Others use it to inform their processes and do something different. But all of you and all of the work that we have done collectively have made an extraordinary difference in improving the overall health of nuclear safety worldwide.

And I think reflecting on the convention and reflecting on the general conference underscores the continued importance that IAEA can play in that role. That's an area where I think we make a big impact.

Where there are some differences, I think, are areas in which we do not have as strong a role. Some of the issue of materials accountability, the security issues. Areas in which other elements of the United States government are also involved sometimes get a little bit more difficult. Now I won't go into the details here but it gets a little bit more difficult.

And we do have some challenges right now, particularly in the security area, that we're working through. And hopefully collectively with our federal partners we can work through that, get a unified role, and build on our existing good relations internationally.

But I think that is part of an overall healthy dynamic that we are very engaged with as part of the IAEA framework.

CHAIRMAN DIAZ: Thank you.

COMMISSIONER JACZKO: I just want to follow up a little bit on what Commissioner Merrifield said and I think it is important to remember the important impact

that this agency's actions do have on other regulatory bodies and, in particular on some of the smaller countries.

We had just yesterday visitors from the Hungarian regulatory agency visiting. And they have a limited number of reactors. And similarly have a limited number of people to deal with their oversight. So they depend fundamentally on the NRC for technical guidance as well as groups like the IAEA to give them help dealing with the problems that may arise and just dealing with setting up their regulatory framework.

So particularly in the area of nuclear safety, those international relationships are extremely important.

COMMISSIONER MERRIFIELD: I think that is a very good point I'd like to underscore. On more than one occasion yesterday, not only personally in a meeting I had with him but in the luncheon that the Commission hosted, the Chairman of the Hungarian regulatory body repeatedly thanked the work done by our staff to help them with the very difficult fuel issues that they had at Paks.

I mean it has really made a -- what we have done -- what you have done on the behalf of the agency has made a difference. And they very much appreciate it.

CHAIRMAN DIAZ: All right. Next question please.

PARTICIPANT: Mr. Chairman, this question is from headquarters.

Do you think the agency should conduct its own survey of safety culture versus using the IG's survey?

CHAIRMAN DIAZ: We our fiscal conservatives but I think we are conducting different types of surveys. In fact, years ago we started to conduct a survey of how the industry actually saw the NRC interaction rather than just getting feedback from the senior managers.

I think different parts of the agencies are doing their own safety culture survey in their own specific areas. So I think we are going to get this year hopefully a composite of what it is. And I think the fundamental question that always comes is, what are we about?

And I think what we expect is not because we asked them to think that way



but because they are convinced that that way that the majority of the people in this agency, if not all of them, will say we are about safety. That's the bottom line. That's what we do,

After 9/11, we changed that to first we are about safety and security. And now, we progress and say we are about safety, security, and preparedness because all three of them play together. But that is really where we're about.

I think you can summarize the issue of safety culture or the importance, at least to the Commission, in that, everybody in the agency should realize that that is where we are about.

The other issues, I think, there are many of them that relates to how the different parts of the agency either communicate, interact. I think all of those are being worked out. And hopefully we will see significant difference.

I think the IG does a great job with their survey. I am looking forward to it. If we think we need something else, I can assure you we'll do it.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I would just say that I would have answered, I think, no to the question in the sense that the credibility, it requires an outside entity and the IG has the authority and willingness, and we appreciate it, as the Chairman said, to do this survey.

And we got tremendous insights last time. I think what the Chairman was referring to -- I don't want to really -- you know some organizations last time didn't do as well as other organizations. They really took the insights of the IG survey very seriously.

I'm not sure they did further surveys but they acted on the information. And this, I guess, gives me a chance -- in my opening remarks this morning, I mentioned Ellis Merschoff's parting comments to us. And the first words out of his mouth after we all had roasted him a bit was to thank us and to say what has guided his career, and I hope guides everybody's career here, is speak truth to power.

We want you to raise issues, safety, security, emergency preparedness. We want, and the EDO wants an open discussion. We're strong by having, as the Chairman said in his opening remarks, diverse viewpoints fully aired. And then we make decisions. But that's the system that we encourage. And we will continue to encourage as long as

Commissions exist, I believe.

I think that is absolutely bipartisan. It is absolutely -- it goes across generations. I think we're doing better at that. And I appreciate Mr. Reyes' efforts in that direction.

COMMISSIONER MERRIFIELD: Yes, I would just say, in terms of the survey itself in the presentation that we made in front of the Convention on Nuclear Safety, Luis and I actually talked about that survey and how we responded to the most recent iteration of that in 2002, focused on some areas of the agency that really needed some improvement. And also focused on a need to improve internal communications within the agency, which was clearly an area where there were gaps.

Interestingly enough, one of the issues that was identified by the rapporteur for our particular panel was that our safety culture assessment which was conducted by the IG was, in fact, identified as a best practice.

And I think that is reflective of the way in which we presented it and the way in which the Commission has embraced the efforts of the IG in helping us use that as one tool, one of other tools, as the Chairman has spoken of, in improving our communications with our staff in hopefully articulating in a better way what we mean by safety culture here within the agency.

COMMISSIONER JACZKO: I just want to add one simple thing and this is a completely unsolicited plug from the Inspector General but I encourage you all to complete the survey. That survey is only as good as people who contribute and complete it.

And the one thing that concerns me a little bit is that we're down in the maybe 50, 60 percent completion rate for that survey. We should be up in the 90 percent and above. And so with a lot of you here today, I take the opportunity completely unsolicited from the IG to encourage you to complete it.

COMMISSIONER LYONS: At one of the very first Commission meetings in which I participated, I asked a question about surveys of safety culture and I honestly didn't know the answer. I was a little bit surprised that the answer was that it is conducted by the

IG and not by the rest of the agency.

I guess I'm still somewhat torn in my own mind as to what the best way of doing this is. On the one hand, I'm very, very glad that we are doing -- that a safety culture survey is being done. And I recognize that there is a real benefit to having someone like the IG with an outside perspective doing that survey.

I'm still slightly torn on my original thought that perhaps it is something that we should be doing as a normal practice of management within the organization. So put me down as slightly undecided but strongly supportive of the survey. And certainly seconding Commissioner Jaczko's comment that please, please take the survey seriously.

CHAIRMAN DIAZ: Thank you. Next question please.

PARTICIPANT: Mr. Chairman, what are the three greatest lessons learned from Davis-Besse?

CHAIRMAN DIAZ: Communications, communications, communications. Is that good enough?

I think that Davis-Besse in many ways shows that at the licensee level, we still had some ways to go to be able to say everybody gets it. You just cannot get away with anything but very thorough practices, very, very clear lines of responsibility, very, very, very thorough inspections analyses, and conclusions both in engineering and in operations.

I think from the NRC -- and that's communications -- from the NRC perspective, we also have the same issue. We did not communicate it properly. And fundamentally that led to a series of delays and potentially, even a series of errors.

And the bottom line is that when the whole thing started, we probably did not communicate it very well both internally and externally.

Now there are a lot of lessons. There is a whole chapter, book like this on Davis-Besse lessons learned. But I really want to stress that the bottom line of what we learned is that there is no substitute for sound, consistent internal communications.

In this agency, if we communicate thoroughly, somebody is going to catch it. I think the licensee is the say way. I believe that in the great majority of instances, if that communications isn't there, somebody is going to catch it and going to say wait a minute.

They're going to stop it. We're going to do it.

So I think that the bottom line it goes to the fact that we understood from Davis-Besse's own that communication is not just something you do to inform people. It is a tool. It is a tool to manage. It is a tool to analyze. It's a tool to take actions. And the present world is centered around. And I think the bottom line is we learned those lessons. Right, Mr. Reyes?

MR. REYES: Yes, sir.

COMMISSIONER McGAFFIGAN: Well, Mr. Chairman, I agree except I might have said it just slightly differently so I will.

I think it's people, people, people, you know we learned, I think, from that that the absolute necessity to make sure that we're doing the inspections that we do everywhere. Region III was beset at the time. And maybe beset today. But Region III was beset with too many wars. And they had starved resources and people at Davis-Besse because we thought and INPO thought that they were pretty darn good.

And so we had for a period there one resident inspector who was not fully qualified. And we had other folks in the chain of command who were diverted to other things so people communicate. I don't think it is a different answer.

But it's making sure we have adequate resources, looking at every plant and never assuming the best, always assuming the worst.

CHAIRMAN DIAZ: See he is a pessimist and I'm an optimist. I assume the best and verify it.

COMMISSIONER McGAFFIGAN: I guess I assume the worst and get prepared for it.

(Laughter.)

CHAIRMAN DIAZ: All right. Next question please.

PARTICIPANT: Mr. Chairman, this question comes from headquarters. Do you believe government-backed insurance to cover unforeseen delays in licensing new reactors would create a disincentive for the staff to raise safety concerns that could result in process delays?

CHAIRMAN DIAZ: Absolutely not. I think they are totally unrelated issues. I'm not going to get into what are the benefits or the decisions that are going to be made regarding providing some insurance for delays regarding our licensing adjudicatory processes.

But in no way is this related to the staff making the right safety decisions. There is a clear separation between what this agency does, has been and will continue to be, and that separation is critical and important to our mission.

We will continue to ask the right questions. We will continue to do the right inspections. We will continue to do the right tests. There is absolutely no relationship. Or at least there should not be.

And I think the Commission and the EDO should make sure that if that happens, that there is absolutely no relationship whatsoever.

COMMISSIONER McGAFFIGAN: I agree 100 percent with the Chairman. We talk about these schedules but the schedules are management tools. Or, in the case of Yucca Mountain, they are in statute. But we have to let the staff's process, let the chips fall where they may. And if that means that we don't meet a schedule, so be it.

I think that there is a recent couple of cases in license renewal space, one where we gave a licensee a timeout for three months or whatever period it is going to take them and the other where we returned the application. We are not scheduler driven around here. We use schedules to lay out management principles and we build in rounds of RAIs and whatever into that process.

The license renewal process is -- what is it 24 months without a hearing and 30 months with it? Or 22 and 30 or something like that. But we don't make decisions based on schedules. We use schedules. We never want any staffer to feel bound that they can't raise a safety issue because it's a scheduler issue. I mean I think that is unanimous.

COMMISSIONER MERRIFIELD: Yes, I'll agree. I agree. I mean safety is our number one job. We're an independent regulatory body. We ought to call the shots as we see them and let the chips fall where they may.

COMMISSIONER JACZKO: Yes, I would just agree with what has been said.

COMMISSIONER LYONS: Amen.

CHAIRMAN DIAZ: Amen.

COMMISSIONER McGAFFIGAN: Wow, we're having a religious experience here.

(Laughter.)

CHAIRMAN DIAZ: Next question please.

PARTICIPANT: Mr. Chairman, this is a two-part question from headquarters. What adjustments is the NRC making to its planning in light of the court decision and latest USGS fiasco regarding Yucca Mountain?

And secondly, would the Commission consider a license application for Yucca Mountain under 10 CFR 72 in light of uncertainties associated with one million year compliance for post closure?

CHAIRMAN DIAZ: I don't think I'm going to answer that. Fundamentally, we are now very much in a waiting mode, observing carefully what the EPA and the Department of Energy are doing. We're going to maintain our careful analyses of how they are developing.

We will do what is necessary when the time comes. And that's probably about as far as I can go right now without having Karen Cyr, getting up and delivering an address in here that I don't want to hear. All right?

COMMISSIONER McGAFFIGAN: Mr. Chairman, can I add one thing that is just a fact? And that is that the last part of the question about a 10 CFR 72 application is illegal under the Nuclear Waste Policy Act. If the question implied that that would be at Yucca Mountain, the statute is clear. A statutory change is possible. That statutory change was attempted in the late 90s is my recollection briefly and didn't get enacted.

But you can't -- we can't -- nobody can ask for an ISFSI at Yucca Mountain while Yucca Mountain is under consideration for a repository by statute.

CHAIRMAN DIAZ: We didn't even have to go there.

Commissioner Merrifield, you want to add something?

COMMISSIONER MERRIFIELD: No.

CHAIRMAN DIAZ: All right. Bottom line, Karen, you can breathe.

(Laughter.)

CHAIRMAN DIAZ: All right? Next question.

PARTICIPANT: Mr. Chairman, this question is from headquarters. It seems the Commission is moving more and more towards a posture of advocating the construction and operation of additional nuclear facilities. Is this in conflict with the agency's position of being a regulator and not advocate of nuclear power?

CHAIRMAN DIAZ: We do not advocate the construction of nuclear power plants. What we do is comply with our responsibilities to be ready to do what the country asks us to do. And if the country is asking us to do new high-level waste, we will do it. If we are asked to do NORM and NARM, we would do it. And if we were asked to do new nuclear power plants, we will do it.

But in no way have I seen or even a hint that anybody in the Commission is advocating for nuclear power plants.

What we have said, though, and I've said it many times, is the fact that if you look at the energy situation in the United States, I think the nuclear option deserves the deliberation of the government and of the industry.

And that once those deliberations are made, if the decisions are for bringing new power plant, for example, that the agency needs to be ready to answer that mandate. That we have the responsibility to license and regulate all new nuclear power plants and that we need to be ready for it.

COMMISSIONER MERRIFIELD: Yes, Mr. Chairman, I don't think anybody on this Commission has advocated the building of new plants. I mean our role as a regulator is not promote. Our role as a regulator is also not to discourage either. I mean our role is to be completely neutral.

One of the things I think isn't readily apparent to all the staff, one of the roles of the members of this Commission is to keep well informed. In order to do that, we don't just sit in our offices on the 17th and 18th floors of White Flint One. We travel, we visit, we

meet, we talk to a lot of people to gain information.

And I think the comments -- and I made comments before. I said it this morning. I believe it is not a matter of if. I think it is a matter of win. That's based on the conversations that I've had with folks outside of this agency who have expressed where they intend to go.

It's not -- it doesn't matter to me which way they go. But it is a reflection of where in the industry itself, and where industry participants feel that this arena is going. It is our obligation as a Commission to make certain in order to protect public health and safety, that we have the resources, the staff, and the capabilities necessary to review those application if they, in fact, come in.

And I think that is what we have been attempting to do here as a Commission.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I'm going to give a slightly different answer and it goes back to a hearing that I think you and Shirley Jackson and I had just before Jeff Merrifield joined the Commission in '98. And we were asked this question by Senator Inhofe and my recollection -- Shirley went first. And she said something that I think is right.

The Commission at the time, the three of us, all had public records of believing that nuclear power had a role in the Nations' energy balance. And I have that record. I was asked that question myself in my confirmation process in 1996.

And I am the son of a United Mine worker who -- he didn't work in the mines, he worked on gas mains in Boston, at the Boston Gas Company, but I grew up reading John L. Lewis' diatribes about the evils of big coal which is a unique experience.

But the alternative is basically nuclear and coal. I think future generations are going to bemoan, with some renewable, that they're going to bemoan that the fact this generation -- I think sometime during the Reagan administration Congress said we can use natural gas for power generation and that was a mistake in my view. As an environmentalist, it's a mistake. There's a limited resource.

But pricing is taking care of that at the moment. It comes down to coal and



nuclear. There is a role for renewables. I remember seeing a press release a few weeks ago about -- I think it was the Winds Association -- bragging about how much increase -- and it's been 40 percent a year.

But I did a quick "back of the envelope" calculation and if our industry produces, the industry we regulate produces 780 billion kilowatt hours a year, I think they were talking about numbers that were a fraction of a percent of what the 103 nuclear power plants produced.

I have seen -- and I've said this publically before -- I have see renewables touted since I joined government. And I believe in renewables. If we can get solar and wind and hydro and whatever, we should do it. We should do it as much as we can. We should subsidize it within reason. And that's for the Congress to decide, not me.

But you can't imagine a long-term energy future for this country without having some portion of it provided by the nuclear industry -- by nuclear power plants.

Does that mean that I'm going to be influenced on any individual regulatory decision because I bring that bias, absolutely not. I mean, if a plant needs to be shut down, we're going to shut it down. And if it's a plant that can't get licensed, we're not going to license it.

If GSI-191 comes up and we need to require additional work, if Davis-Besse comes up, we're going to take the right action.

But Shirley put it probably better than I just did. We all have records of being supportive of nuclear power as part of the Energy Bill and that is not promotion. That doesn't effect any individual regulatory decision. And if that were something that would preclude somebody being on the Commission, you'd have a very different Commission in front you.

But the Senate confirms us. The President of both parties propose us. The Commission that you are likely to get is a Commission that will continue to -- without promoting as the Chairman said and Commission Merrifield said in the sense of particular technologies and particular approaches that you are likely to have Commissioners -- given the political process that was asked about this morning -- that generally believed that

nuclear energy has a role in the nation's energy balance. Sorry.

CHAIRMAN DIAZ: Thank you, Commissioner McGaffigan.

COMMISSIONER LYONS: Just a comment. Number one, I agree with the statements made by the Commissioners on the subject previously. But also I would add that at least in my mind, as an agency preparing to review license applications for new plants and being viewed as a predictable regulatory agency for new plants has absolutely nothing to do with saying that we will be approving those applications for new plants. To me they are just completely different.

And with that, I am going to head for the airplane.

CHAIRMAN DIAZ: Okay. Commissioner Lyons, have a great trip.

COMMISSIONER LYONS: Thank you.

CHAIRMAN DIAZ: All right. Next question.

PARTICIPANT: Mr. Chairman, this question is from headquarters and it is for Commission McGaffigan. Commissioner McGaffigan, at the rate you mentioned that you considered adoption of the backfit rule as one of the NRC's biggest errors because it severely restricts NRC's regulatory ability.

Is there any chance that that rule being rescinded or at least softened to remove some of the shackles at NRC?

COMMISSIONER McGAFFIGAN: No. I can count votes. You know, I've got a long record on that. Every time it has come up, you can read my previous votes. I love Fred Bernthal and Jim Asselstine and Jim Curtis. They may not have the same shoe today in their previous votes on that matter and I've had votes but I think I've always been a minority of one whenever I've admitted such concerns.

I don't want to prejudge. I don't even think it is going to come up anytime soon.

CHAIRMAN DIAZ: The regulation in a democratic society is not perfect. But it has checks and balances. And I think the backfit rule is one of those checks to provide balance. It might not be perfect all the time but it does have its place. And so I agree with Commissioner McGaffigan. I don't think you're going to see it anytime soon.

COMMISSIONER McGAFFIGAN: If I ever detect three votes --

COMMISSIONER MERRIFIELD: I concur with the Chairman.

(Laughter.)

CHAIRMAN DIAZ: Commissioner Jaczko, you don't have to answer that.

COMMISSIONER JACZKO: All right. Well, let me say this and maybe in Commissioner Lyon's absence, I'll just speak for him, that may be easier. No, I think, you know, certainly if issues come up, I would take a good look at the appropriate use of the backfit rule. And if there are additional changes to that rule, I'd certainly look at a hard look at what is the appropriate structure for that rule.

CHAIRMAN DIAZ: All right. Next question please.

PARTICIPANT: Mr. Chairman, this is from headquarters. What initiatives are currently underway to improve communications both within the agency and with external stakeholders?

CHAIRMAN DIAZ: Well, let's see, where is my Communications Director? All right. I'll give him the microphone. Let's put the burden on him.

MR. OUTLAW: All right. Well, gee, thanks for the question. First and foremost, I think we have just recently started an internal communications electronic newsletter that we're getting rave reviews about it. It's called the NRC Reporter. It's available -- it comes out every Wednesday.

And, in fact, it will have a story about what we're doing right here in it, in today's edition. And so I think that is one of the key issues that -- key things we're doing. And we've gotten great feedback on that as we've been told that it is now being clicked on by two-thirds of the people clicking on an internal website are going to the internal newsletter. And the fact that it is only two months old is very good for that.

So it is called the NRC Reporter and you can find it on the internet.

In addition to that, I think one of the things that we're working on very hard is what the Chairman likes to refer to as connectivity. And we're making presentations individually to different groups to try to one, communicate exactly what we're doing, and two, to get feedback from everybody. So that's another area that we're doing things.

There is an Internal Communications Council that meets on a monthly basis that is being tasked with doing specific activities. One of them includes doing a Strategic Internal Communications Plan, which is being worked on as we speak.

We also have an initiative out to do some branding. We've actually discussed doing focus groups and surveys to follow up on the IG survey. So that's something that we're going to take a look at.

So we've got a series of activities on the internal basis.

Externally, I think that people can say and I'm going to give kudos to the Public Affairs staff and Eliot Brenner. I think we've done a very good job of getting our message out on a much better basis externally in the media.

We've done a lot more proactive things than we'd been doing before such as when the Chairman has visited, plants such as Browns Ferry and Turkey Point recently we did media availabilities in which the Chairman was quoted. And those turned out to be very good stories.

Each time that the media writes a story that we think has an inaccuracy in it, we are challenging that by either letters to the editor or writing back individually to the reporters and editors. So we're doing that.

There are a lot more things being done in the outreach arena, different things ranging from government to government meetings. We've had very good preparatory sessions for different public meetings that we're being involved in ranging from Vermont Yankee to Indian Point where we're really doing a lot of planning in terms of how we communicate to the public and trying to convey the right kinds of messages.

So we've got just a number of initiatives going on. And to that end, we always welcome additional input.

CHAIRMAN DIAZ: Thank you, Bill.

Let me just add 60 seconds to it. You know two years ago when I met with the senior managers, I kind of summarized the Communications Initiative at the time in having everybody in the NRC, whatever position they have, having the information that they need to do their job, knowing what to do with it, and then communicating the results up the

chain internally and then externally as appropriate.

COMMISSIONER McGAFFIGAN: Mr. Chairman, I'm just going to use this as an opportunity, I think I've done it in the past to compliment you and Luis for instituting -- and I think it was Bill Travers at the time -- but for instituting the EDO note process that I think is an enormous step forward to keeping the Commission informed and for new Commissioners, it's always oh, of course. But that was a step.

And then I also want to compliment and join Bill Outlaw in complimenting Eliot Brenner for Tomorrow's News Tonight that some of us get. And I encourage staff. The burden is not just at the top to communicate. The burden is everywhere in the agency to communicate.

And Eliot needs to know about press calls that people get other than his own office so that he can anticipate what might be required and make sure that -- we're not trying to control the 3,000 folks in this agency from talking to the media. It would be a hopeless task.

But we do want you to know what we think is the right answer. And people, just as we, occasionally disagree in the press. And staffers are welcome to. As I said, that's the strength of this agency is to have lots of disparate views that have to be resolved before we make a decision.

CHAIRMAN DIAZ: And let me recognize Commissioner Merrifield who, by the way, from the very early beginning has actually been a great advocate of this area.

COMMISSIONER MERRIFIELD: Yes, I think most of what needs to be said has been said. I would say we did have, under the Chairman's suggestion, we did have a task force that I headed along with Ellis Merschoff to look at a lot of these communications issues. And some of the participants in that are in the audience today.

I think that laid a framework for a lot of the ideas that have been implemented in the course of the last two years which, I think, really moved us forward.

But the issue that Commission McGaffigan speaks of I think is quite important. Every one of our staff is responsible for communications. It's not merely the head of Communications or head of Public Affairs or their staff.

Each member of our staff interacts with members of the public at some point. And in identifying how to do that, even if it is one on one, is important for the overall health of this agency because you are all emissaries in terms of how we are grappling, how we are defined, and how we are identified by the public.

And so when we talk about public communications issues, I hope that all of you think of it as an issue of not them, Public Affairs, but us as in all of us communicating to the people we come in contact with each and every day.

COMMISSIONER JACZKO: And if I could just add one thing and that is also to keep in mind that communication doesn't always mean us relaying information. But a big component of that communication is listening to external stakeholders and licensees, whoever it may be, that that is the large part of the communication as well.

And sometimes we won't always hear things that are pleasant or that are easy to deal with or hear but it is important to continue to hear those things. And that communication does go both ways. Listening is probably the more challenging of the components of communication but in many ways the most important.

CHAIRMAN DIAZ: Well, thank you so very much. It is three o'clock. We have -- I know I have to recognize Luis for continuing activities. But let me just take the opportunity to say that today has been a very interesting day.

I don't know who have been communicating with who but you ask some very, very good questions, very, very incisive, you brought up the different issues, you see some of the things in the press. You've seen some of the things we do.

And the questions show your interests, your commitment to the agency. You need to know I hope we have been helpful in that respect. And with that, I want to thank you on behalf of the Commission and recognize Luis.

MR. REYES: First of all, let's thank the Commission for their time.

(Applause.)

MR. REYES: We have a birthday party to go to. Is it working? Okay. Is that better? Okay. We have a birthday party to go to. So let's give the Commission the courtesy to let them move on to the Building No. 2 lobby area because we have some

activities. We're not done.

COMMISSIONER McGAFFIGAN: I think there is cake for everybody.

MR. REYES: Yes. And then we'll join them to celebrate the 30th anniversary of the NRC. So after the Commission proceeds to the lobby of the second building, then we'll follow them. And we'll see you there in a few minutes.

(Whereupon, the above-entitled meeting was concluded at 3:01 p.m.)