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U.S. NUCLEAR REGULATORY COMMISSION

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COMMISSION MEETING

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NRC ALL HANDS MEETING

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TUESDAY,

MAY 29, 2007

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The above-entitled matter convened at 1:30 p.m. in
Salons A-E of the Marriott Bethesda North Hotel, 5701 Marinelli Road,
Rockville, Maryland.

COMMISSIONERS PRESENT:

- DALE E. KLEIN Chairman
- EDWARD McGAFFIGAN, JR. Commissioner
- JEFFREY S. MERRIFIELD Commissioner
- GREGORY B. JACZKO Commissioner
- PETER B. LYONS Commissioner

ALSO PRESENT:

- LUIS REYES EDO

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

1
2 MR. REYES: Good afternoon. My name is Luis
3 Reyes. I'm the Executive Director for Operations. I want to welcome
4 you to the 16th All Hands Meeting with the Staff and the Commission.
5 Today we have Chairman Klein, Commissioner McGaffigan,
6 Commissioner Merrifield, Commissioner Jaczko, and Commissioner
7 Lyons. We have been holding these meetings since 1991. This year,
8 All Hands Meeting is supported by the Full Commission, and you'll be
9 able to dialogue with them. We place a high value on full participation,
10 and I want to thank you for your continued support of this important
11 meeting.

12 A reminder for the meeting, that questions pertaining
13 to any personnel policy or practices, or other general conditions of
14 employment, including questions pertaining to individual Staff moves
15 are beyond the scope of this meeting, and should be addressed
16 through other agency processes.

17 I would like to welcome Chairman Klein to his first
18 NRC All Hands Meeting, and to welcome the other Commissioners
19 back. The other ones are experts at this. And to recognize that this
20 will be Commissioner Merrifield's last NRC All Hands Meeting. We're
21 going to miss you in future meetings.

22 The purpose of these meetings are to facilitate
23 communication between the Commission and the Staff, for the
24 Commissioner Members to share their perspective on
25 accomplishments and challenges, to provide specific insights through
26 answers to Staff questions, and for the Staff to see and hear the

1 Commissioners.

2 After the Chairman makes his remarks, the
3 Commissioners will have an opportunity to make some remarks, and
4 then the remainder of the meeting, and the real purpose of the
5 meeting is to hear questions from you, the Staff.

6 In addition to the Headquarters Staff attending this
7 meeting, the Staff in the regions and in the Technical Training Center
8 are able to view the meeting by video, and the rest of the inspectors
9 are receiving the audio portion of the meeting.

10 There are microphones placed throughout the room
11 for you to ask questions. We're looking forward to your questions, and
12 there's a lot going on at the NRC, and a lot of information that can be
13 shared through your questions, so feel free to ask and participate.

14 We have found in the past that there may be a better
15 way to ask questions. Each one of you was given a blue card, and
16 you can pass those along. And we're going to have readers that will
17 be able to read those cards. If we run out of time, the meeting is
18 scheduled for 1:30 to 3:30, if you write it down on a card, what we'll do
19 is we'll answer them at a later date where we'll put them on our web
20 page, so if you want to make sure your question gets answered, you
21 may want to consider the blue card process.

22 We have volunteer readers today to help us relay the
23 questions to the Commission. I'd just like to briefly acknowledge
24 them; Susan Cusseaux, Jeffrey Mitchell, Quynh Nguyen, Susan
25 Smith, Renu Suri, and Mauricio Vera. Thank you for your help today.
26 We have a sign interpreter. Our sign interpreter is Sasha Forbes from

1 Partners in Sign, Inc. Thank you, Sasha. I also want to thank all of
2 today's ushers that guided you quietly and quickly into your seats.

3 I would also like to acknowledge the Senior Staff
4 seated here in the front row, and the officials of the National Treasury
5 Employees Union in the first and second row. And we want to
6 welcome you today.

7 It is now my pleasure to introduce Chairman Klein,
8 and turn over the meeting to him. Chairman Klein.

9 CHAIRMAN KLEIN: Thank you, Luis. It's my
10 pleasure to be here today. I have tried to come and meet as many of
11 you as I could on one-on-one meetings. It's hard to tell from this
12 perspective who I've met and who I haven't. This is definitely a full
13 house today, so thanks for being here. I'd also like to welcome, as
14 Luis said, those joining us by video, and by audio, because we really
15 do want to hear from all of you today.

16 Also, as Luis indicated, this is Jeff's last All Hands
17 Meeting. It's probably not the last meeting he will have with the NRC
18 in some capacity or another, but the last All Hands Meeting. I'd also
19 like to acknowledge an award that Commissioner McGaffigan just
20 received last Friday. I received it on his behalf, but Commissioner
21 McGaffigan received the Henry DeWolf Smyth's Nuclear Statesman
22 Award, and so on behalf of all of us, I'd like to give Commissioner
23 McGaffigan a round of applause.

24 (Applause.)

25 CHAIRMAN KLEIN: As I look at our future workload,
26 and I look out seeing all of you there, we're going to need all of your

1 help as we work towards the future. With the potential bow wave of
2 new orders, we tend to concentrate on a lot of those, but I'd like to
3 also comment on the fact that those of you that are not working on
4 new orders also have an incredibly important part to play.

5 As I've said many times, if there's any problems with
6 those existing reactors, or other nuclear materials, it will definitely
7 have a negative impact on new reactors, so what you all do is very
8 important as we maintain public health and safety in the nuclear field.

9 What I'd like to do is mention just a few major themes,
10 and then we'll get to the important part, and that's your questions. As
11 probably most of you know, I've spent a good part of my academic life
12 in classrooms where I'm programmed to speak in 50 minute
13 increments, and so I promise not to do that today, so it'll be short, so
14 that we get to your questions.

15 The first thing I'd like to talk about are some of the
16 things that we've been doing right. I use to call these "attaboys", but I
17 found in the political correctness today, I need to call them
18 "attapersons", so these are the things that we've done well.

19 As you know, the first and most important one is that
20 we were recognized as the Best Place to Work in the Federal
21 Government, and I think that's a tribute to all of you that we received
22 this award. I received it on behalf of the Commission, but you all
23 deserve the credit. And the Commissioners and the Senior Managers
24 will do all we can to earn your trust, and see that we maintain that
25 number one ranking.

26 The second success was our continuing resolution.

1 As you know, things did not look very good for our financial situation
2 early this year. A lot of people worked very hard in that arena, so if
3 there was any doubt that we really needed an Office of Congressional
4 Affairs, that was probably dispelled, the fact that we really did need
5 one of those. We also needed an Office of Public Affairs to keep our
6 message on track, and on target.

7 The Program Staff should be very proud of the
8 accomplishments that have occurred. We've opened a new Office of
9 New Reactors. We've issued Part 52 as a final rule. We've made
10 good progress on codifying security measures, and we've done a lot
11 of mission critical work in other areas. In the area of research, the
12 state-of-the-art consequence analysis, aircraft impact assessments,
13 digital I&C, high priority regulatory guides, are just a few. In FSME,
14 we're working with the Agreement States on a NARM rule,
15 comprehensive security program for radioactive materials, and
16 comprehensive decommissioning programs.

17 On NMSS, I always have to say that slowly so I don't
18 get all those letters run together, we demonstrated predictability of
19 licensing process to maintain and improve the nuclear fuel cycle.
20 Clearly, the LES and USEC activities for the gas centrifuges have
21 been important. The mixed oxide fuel fabrication facility, although
22 we're not sure exactly how the funding of that will go in the future, but
23 we'll be ready from the NRC. Same as with GNEP, we don't know
24 what funding will occur for GNEP, but the NRC will be ready. The
25 NMSS has also been reviewing Integrated Safety Analysis for the
26 existing fuel facilities. In addition, if and when the Yucca Mountain

1 license comes, and the last we've heard it will be in June of `08, we
2 will also be ready.

3 All of this has occurred while the transportation of
4 nuclear materials has been in a safe mode. Investigations and
5 Enforcement, has provided additional incentive for licensees to stay in
6 compliance with our regulations.

7 So with our budget programs in good shape, let me
8 talk about a few of the challenges that are out there. I would list the
9 top three, and not necessarily in this order, but space, personnel, and
10 IT. Some of you, probably all of you know that we are in cramped
11 spaces. We've been hiring, and we definitely have cramped spaces,
12 and we're working very hard to change that. Those of you that are in
13 NMSS know that you have been temporarily relocated, and we're
14 working very hard with GSA and our Congressional counterparts to
15 ensure that we have a consolidated headquarters office. Very
16 challenging to do that. It's been one of the more frustrating activities
17 in terms of just getting people to respond. We've made our case, and
18 we're going to continue to make our case so that we are consolidated.

19 For the new license applications, we need to think
20 ahead of some of our long-term needs. This includes training of our
21 workforce. What's interesting when you look at the rate at which
22 we've been hiring, and those of you that are thinking about retiring,
23 and some have retired, we, obviously, are bringing some of those as
24 retired annuitants back to help with our training, but if you look in
25 2009, we will probably have about 1,200 new employees, so that will
26 mean a third of our workforce will have less than three years of

1 experience in the regulatory area. That's a tremendous challenge for
2 us, as an agency.

3 While training and equipping our new Staff, we also
4 need to modernize our activities. I'm sure a lot of you have heard my
5 comments about need for improvement of our IT activities. And the
6 reason we need to do that is so that we can be more efficient, and we
7 can work more effectively. We're also working on improving
8 information security. As you know, OMB has come out with some new
9 guidelines, and we definitely need to protect personal information.

10 So, finally, let me say that I'm extremely proud of what
11 you all do. It's an agency that has a lot of challenges ahead of us, but
12 what we do is very important. And what I would ask you to do is
13 maintain your high standards every day, not only for yourselves, but
14 for your colleagues, and for the American people. They have
15 entrusted us with a major responsibility, and we need to make sure we
16 ensure that trust.

17 So with that, what I'd like to do is turn to my fellow
18 Commissioner, Commissioner McGaffigan, for a few opening remarks,
19 as well.

20 COMMISSIONER McGAFFIGAN: Thank you, Mr.
21 Chairman. I actually wrote a speech that's too long last night, and had
22 it typed just before coming here, so I'm going to shorten it. It will be
23 available on the web page for anybody who would like to read it.

24 This is my 12th, and I suspect my last All Hands
25 Meeting for a different reason from Commissioner Merrifield. While I
26 have served for about one-third of NRC's history at this point, I believe

1 I have attended almost 80 percent, and perhaps over 80 percent of
2 these meetings, starting in 1996. I enjoy them for the interaction we
3 have as a Commission with all of you.

4 Early in my tenure on the Commission, then
5 Chairman Jackson referred to me at the public meeting as the Fast
6 Commissioner. If I remember correctly, because of the impatience I
7 had already conveyed on multiple occasions that NRC needed to
8 improve the effectiveness and efficiency of various NRC processes, or
9 perhaps it was because I still ran marathons, and coached my
10 children's teams.

11 I am not so fast any more because of the melanoma
12 that I've been battling for the last seven and a half years, particularly
13 the last 11 months, but I am as dedicated today as I was in 1996 to
14 this great institution, and to you, the Staff, who made it clear over the
15 past decade that you wanted to move forward every bit as much as
16 my fellow Commissioners and I did.

17 Together we have achieved great things in the last
18 decade. This is not the time to enumerate them, because I'd probably
19 be still talking at 3:30, but I want to thank you sincerely for your
20 dedicated, at times approaching miraculous - I used that word at the
21 RIC - efforts to bring about numerous changes that have improved
22 safety and security, while providing far more information to the public
23 than we did in 1996.

24 Can the NRC of the future be better still? Absolutely,
25 but it will take equal dedication from the 40 percent of our Staff who
26 have been with us for four years or less, and perhaps even stronger

1 leadership from the Commission and Senior Staff at a time when both
2 groups will be far less stable than over the past 11 years, as once-
3 distant retirement dates are now upon our Staff, and well-deserved
4 retirements beckon.

5 My request to you, the NRC Staff, in this last All
6 Hands Meeting I will attend is that you re-dedicate yourselves to
7 excellence in the years ahead. I'm going to skip over my quirky ideas
8 of what excellence means, and try to reach a conclusion here.

9 One of the things that has bothered me the most, and
10 I've been, I guess, called an outspoken member, but one of the things
11 that has bothered me the most is the attacks that you receive with no
12 substance behind them. I have been known for the frankness of my
13 remarks throughout my tenure. Many of my so-called controversial
14 remarks have been spoken to defend this great institution from
15 baseless calumny.

16 We all received an insight into one of these groups
17 when they mistakenly issued a press release about a year ago on the
18 occasion of the President's visit to Pennsylvania. The release stated
19 and I quote: "Fill in alarmist and armageddonist factoid here." Safety
20 and security policies should not be based on factoids. When such
21 tactics are used in my presence, I tend not to give a lot of quarter. It's
22 the Irish in me, I suppose, but I have no tolerance for factoids or
23 baseless attacks on this great institution. I have an open door to
24 anyone in the anti-nuclear community that would like to see me. They
25 have rarely taken me up on that offer, perhaps because they know I
26 will not accept junk science, distortion of NRC information, bumper

1 sticker slogans and factoids from them.

2 I have served this government for over 31 years, and
3 because I lucked out in winning my first job in the foreign service, I've
4 always been at the most senior levels of government, just
5 happenstance. I have been involved in many policy debates that go
6 well beyond the mission of this institution, but my touchstone has been
7 a commitment to as close to absolute honesty in those debates as is
8 humanly possible. That is, and should always remain NRC's
9 commitment, even if some groups do not share that commitment, and
10 resort to distortion.

11 I'll skip the last paragraph and just finish. Thank you,
12 and God bless you all. Thank you.

13 (Applause.)

14 CHAIRMAN KLEIN: Thank you, Commissioner
15 McGaffigan. Commissioner Merrifield.

16 COMMISSIONER MERRIFIELD: Thank you very
17 much, Mr. Chairman. As was mentioned, this is my 9th and final
18 opportunity to appear before our Staff as part of our annual All Hands
19 Meeting. I have to say, beginning last year, it's been a little bit more
20 pleasant to have everyone assembled in one room, because the
21 Commission can not only speak with one voice but once. And that's -
22 I think for some members of our Senior Staff, they appreciate it, as
23 well.

24 When I came to the agency in 1998, as many of you
25 well know, I had worked as a staffer in the United States Senate. And
26 at the time, I had been up there for about eight years. One of the

1 things that was very evident to me, having worked up there, and I
2 made note of it on the very first days of my tenure here on the
3 Commission. And, in fact, the day that I was sworn in, I mentioned it
4 in the statement that I made to the small number of folks in the agency
5 who saw my swearing in. I made note about how this is a great place
6 to be, and how we have a great workforce. And I noted how I was
7 excited to become a Commissioner and help head this agency in the
8 future. My enthusiasm for this agency is no different today than it was
9 when I first joined. And the appreciation that I have for the Staff is
10 only deeper, not less.

11 It was a different time in 1998. As many of you
12 remember, we had just received a threat from Commissioner Lyons'
13 old boss, Pete Domenici, threatening our agency with significant cuts
14 because of a belief that this agency was not an efficient, effective
15 regulator of the safe uses of nuclear energy. That, as I think
16 Commissioner McGaffigan would say, was a snapshot in time. And, in
17 fact, this agency had been in the process of making a real change in
18 the way it did business. And today, the accomplishments that, like
19 Commissioner McGaffigan, I would be here until 3:30 talking about,
20 are numerous. And I think there's a real record of accomplishment.

21 At that point, however, in 1998, we had about 2,800
22 people working for this agency. And the Commission, at the time, was
23 working feverishly to try to figure out how we could shave even more
24 off of that number. Today, given the myriad of issues that we face,
25 not just in the reactor arena, but with mining opportunities, with
26 perhaps new additional enrichment facilities even beyond those

1 currently in the permitting process, the multiplicity of areas that are
2 touched by the resurgence of nuclear energy means that this agency
3 has an exceedingly bright future. And with 3,500 people that we're
4 going to be exceeding not too far down the road, if we haven't already
5 exceeded it, we have a lot of growth ahead of us, as well.

6 The Chairman mentioned, I think quite fairly, that the
7 challenges that the Commission will face is making sure that not only
8 we have enough people, the right people, but make sure that the
9 facilities that we have to put those folks in meet an appropriate
10 standard for the workforce, of which this agency and this Commission
11 has come to expect. So there's a lot of work, and a lot of
12 accomplishment yet, but I think it is with great pride that we all thank
13 and recognize it's the hard work of the Staff that really makes that
14 happen.

15 We celebrated the accomplishment recently, although
16 we have been voted the Best Place to Work in the Federal
17 Government, some of us, perhaps many of us, thought that was an
18 unrecognized fact for many, many years. But, certainly, I think the
19 Commission and all of us should be proud that our counterparts in the
20 Federal government now know it, as well. And when we see them at
21 cocktail parties, or when we see them at ball games, or we see them
22 in our daily lives, being able to puff out our chest that we are, in fact,
23 the best inside the Beltway, it's certainly something which I think we all
24 like to brag about.

25 One last thing I'd like to touch on, and it's not different
26 than the nature of what Commissioner McGaffigan stated in terms of

1 comments made by outsiders. You know, recently I've seen some
2 press clippings, and one of them was from a member of Congress. I
3 won't name who it was, but that particular member of Congress, who
4 represents some folks who are opposed to nuclear power, stated in
5 some musings he made before the press, that "The public has
6 completely lost confidence in the NRC." To quote a favorite character
7 of mine from the TV show "M.A.S.H.", "Horse hockey." This agency
8 has earned the trust of the public.

9 I had the pleasure and opportunity to visit all 103
10 operating nuclear power plants in this country, and I've had the
11 occasion to come into contact with folks around all of those sites.
12 Now there may be isolated parts of this country where folks who don't
13 like nuclear power like to throw mud at our agency, but the fact of the
14 matter is, when I go out to Kansas, when I go out to New Hampshire,
15 when I go out to Wyoming and other areas where our agency and the
16 work that we do touches the public that we serve, the confidence in
17 our agency demonstrated by being voted the number one place to
18 work in the Federal government is not countervailed by a belief that
19 this agency is not doing the right thing for safety. In fact, the opposite
20 is true.

21 There is great confidence of the public in what this
22 agency does to protect public health and safety. There is great
23 confidence that the public has in what we do to protect public health
24 and safety.

25 We have made extraordinary strides in reaching out
26 to the American people to tell them what we do, and why it's

1 important. Whether it's our Resident Inspectors going out to meet with
2 rotary clubs, whether it's our Regional Administrators going out to
3 engage with people who don't necessarily like us, or whether it's the
4 work of the Commission and the Staff in engaging with Congress,
5 there is great confidence in what we do. That is a role, that is a
6 connection, that is a commitment to public service that we must
7 continue. But what I would want to leave you with a message, to
8 those who attempt to underscore, to those who attempt to undermine
9 what we do by falsely accusing us of not having the confidence of the
10 public, don't believe it. You have earned that confidence, and for that,
11 I thank you. Mr. Chairman.

12 CHAIRMAN KLEIN: Thank you, Commissioner
13 Merrifield.

14 (Applause.)

15 CHAIRMAN KLEIN: Commissioner Jaczko.

16 COMMISSIONER JACZKO: Well, this is my 3rd All
17 Hands Meeting, and as Commissioner Merrifield mentioned, I certainly
18 prefer this venue to the tents that we used to use; although, I was
19 lucky I only had to have one All Hands Meeting there.

20 I would just say, I think several people have
21 mentioned, this meeting is an opportunity for us to hear from you, the
22 Staff. It's rare that we have an opportunity to meet with even a small
23 number of you on an individual basis, or even in small group
24 meetings, or even just across the table at a Commission meeting. So
25 I fully encourage you to take advantage of this time to ask us
26 questions, to figure out what's on our minds, understand why we make

1 the decisions that we make as we move forward.

2 Sometimes I think it's a little bit challenging the
3 structure that Congress created in a Commission-type regulatory body
4 where you have the Staff that often has views, you have individual
5 Commissioners who have views, and then in the end, you have an
6 agency decision that's some kind of conglomeration of all of those
7 different views put together. And so, this is an opportunity, I think, for
8 you to ask us exactly what we think, and how we contribute to that
9 final agency action.

10 And I would just finally say, and I don't want to spend
11 a lot of time talking here, to give you all an opportunity to talk, but the
12 most important asset that we have as an agency, as several people
13 have already mentioned, is the Staff. It's the people in this room, the
14 people who are listening via video-conference, or telephone, or other
15 mechanisms in the regions. You're the people that make this agency
16 what it is, and you're the people that do the hard work every day to
17 make the tough safety calls, and to make the right decisions. And I,
18 certainly, have been impressed with all the people that I've had an
19 opportunity to interact with since I came to this agency, so I look
20 forward to a very interesting discussion this afternoon, and encourage
21 you to ask questions. Thank you.

22 (Applause.)

23 CHAIRMAN KLEIN: Commissioner Lyons.

24 COMMISSIONER LYONS: As the last speaker, I can
25 easily agree with the comments of all the Commissioners that have
26 gone ahead of me. It gives me an opportunity to be very brief, and the

1 fact that I have virtually no voice also assures you that I will be very
2 brief.

3 As I thought about how to begin comments here, I
4 was reminded of the Chinese saying of, "May you live in interesting
5 times". I think the NRC is very much in interesting times. We have a
6 tremendous range of challenges facing us, challenges that I'm
7 confident that we're up to. And the Chairman did an excellent job of
8 enumerating those challenges. But as we look towards the challenges
9 that lie ahead of us, we also have the overriding challenge, job one, if
10 you will, to assure the safety, and the security of the existing
11 licensees. And I'm confident of your and our dedication to continue to
12 reach that.

13 I wanted to recognize two of my fellow
14 Commissioners briefly here. This is Commissioner Merrifield's,
15 essentially, last month of service in a nine-year career here at the
16 NRC. And, Jeff, I've truly appreciated the opportunity to work with
17 you, to learn from you, and to be guided through some of the
18 intricacies here at the Commission. I appreciate that. And I also
19 wanted to recognize Commissioner McGaffigan as the longest-serving
20 of the Commissioners. And I, too, had the opportunity with the
21 Chairman, to be down in Florida when Ed received that wonderful
22 award last week, the Smyth Award. But, Ed, I wanted to mention - I
23 wanted to say that you've been truly a model of dedicated service to
24 our nation, and you have been a personal inspiration over the two and
25 a half years I've been privileged to be on the Commission. You have
26 constantly challenged the industry, the NRC Staff and your fellow

1 Commissioners to strive ever harder to meet the highest of standards.
2 And, finally, Ed, your unwavering motivation to serve the public and
3 the ideals of our nation has inspired, I believe, both our current and
4 our new generation of NRC employees, and I thank you very much.

5 (Applause.)

6 CHAIRMAN KLEIN: Well, now comes the exciting
7 part, and the reason that we're here, and that is to see what kinds of
8 questions that all of those energetic NRC employees have. And it
9 really is nice to have Commissioner McGaffigan here, because if there
10 are any hard questions, he gets all of them.

11 (Laughter.)

12 CHAIRMAN KLEIN: So I'm not sure exactly which
13 victims will ask the first questions, but I'm sure they're coming. And
14 what I used to always tell my students is that our time runs until 3:30,
15 so unless you ask questions, you just have to sit here and stare at
16 each other.

17 (Laughter.)

18 PARTICIPANT: Chairman Klein, this question is from
19 Headquarters, and it's for Commissioners McGaffigan and Merrifield.
20 With over 20 years of combined service on the Commission, what
21 would you describe as your most significant accomplishments and
22 failures during your tour of service as a Commissioner?

23 COMMISSIONER McGAFFIGAN: Well, as I said, and
24 as I think Jeff said, both of us could use the time to 3:30 to talk about
25 the accomplishments. I was looking over some papers over the
26 weekend. I can tell you one area that we failed. Jeff's first COM here

1 was to try to follow the Sunshine Act as the law. It was joint COM of
2 the two of us, as the law entails, and as other agencies pursue it.

3 Unfortunately, I think our non-Sunshine Act discussions, which would
4 strengthen the Commission's deliberations have not been adequately
5 used, and so it's on the books. Congressman Markey doesn't like the
6 fact that the law reads the way it does for us, as for everybody else,
7 and the Supreme Court decision came down on our side, but I don't
8 think we use non-Sunshine Act discussions enough. That's just a
9 quirky response.

10 What we have done is fundamentally change so many
11 processes here to make them better, that it's not funny, and just
12 fundamentally improve safety. The 50.65(a)4 rulemaking, the
13 amendment to the maintenance rules, I think one of the most
14 significant rulemakings we've conducted. We speeded up rulemaking,
15 starting with the disaster of having to do Part 70 over twice. We
16 learned in Part 35, we learned in a bunch of other rulemakings.

17 The Reactor Oversight Process is probably our
18 greatest achievement, and it's an achievement that's going to keep
19 evolving. There's a commitment on your part and on our part to
20 making it ever better. We amended the adjudicatory process in a way
21 that Jeff took a great lead on. I think Jeff helped us get passed then
22 Chairman Meserve on a couple of issues that the two lawyers were at
23 it, and I stuck with Jeff.

24 I think our response to 9/11 is second to no agency of
25 government. I'm so proud of what we did. The hours that we put in
26 after 9/11 to produce an Order in February of 2002 to further amend

1 the Orders and get them out in April of 2003, to follow-up on those
2 Orders, not just for the reactors, but for the whole range of materials
3 licensees that also needed Orders. I don't think it's a record that
4 comes close to any other agency, and the Homeland Security Council
5 staff, and DHS always tell us that. I could go on, and I'll let Jeff pick it
6 up, because I'm leaving some things out.

7 Where we have not done well, aside from not having
8 enough non-Sunshine Act discussions, which is a joke, I think that one
9 of the things that bothers me as I leave, and the Chairman mentioned
10 IT issues, I would say infrastructure as a whole is an area where we
11 failed to some degree. Now we were failing with budgets that were
12 tight, with programs that were growing, license renewal, all those sorts
13 of things. And there's a natural tendency, whether it's here, or DOD,
14 or FBI, or whatever, to short-change infrastructure, and to do what
15 needs to be done in the programs. And 9/11, particularly, probably
16 put us behind in the infrastructure investments we needed to make.
17 So I would say that that is my greatest disappointment as I left. I
18 honestly - I sort of knew things were bad. I didn't know they were as
19 bad as they were, and I think it's going to take us a while to recover on
20 getting the infrastructure, not just the buildings. That's dealing with
21 GSA, and I commend the Chairman for his fortitude in being willing to
22 take that one on, but it's the investments in the budget for
23 infrastructure.

24 My beloved secure LAN, I understand, isn't funded
25 again this year, and I think it would make us a lot more efficient, but
26 efficiency loses out to programs here and everywhere, and that's one

1 of the problems. Sorry to take so long, Jeff, but I'm sure I left a bunch
2 of stuff out to you.

3 COMMISSIONER MERRIFIELD: No, I would agree
4 with all that. I think in terms of successes, I'd put those in sort of two
5 camps. One is collective successes, and I think the Reactor Oversight
6 Process is a huge success. I think the work that we've done on
7 license renewal has really brought us a significant amount of buy-in for
8 being an effective and efficient regulator. Personally, for me, I think
9 the changes we made in decommissioning, we're much more effective
10 there. We put through Part 35 major change in the way we oversee
11 medical uses of isotopes, major piece of work on the part of our Staff.

12 Security, the post 9/11, I can't agree more. I mean,
13 there's an awful lot that you can continue to tick down, changes in our
14 adjudicatory process. Part 2 was, I think, a major change that's going
15 to help this agency for a very, very long time to come.

16 I think in terms of sort of personal accomplishments,
17 as many of you know, I really try to push ADR, Alternative Dispute
18 Resolution, as an agency tool, and I think that's proving to be more
19 and more effective. Decommissioning, for me, was a real priority.
20 And, again, I recognize the achievements there.

21 I spent a lot of time on some international issues. I
22 think most notably, our relationship with our neighbors to the north and
23 south, Canada and Mexico, are as close today as they've ever been.
24 And I think the degree of respect that we have as a regulator
25 internationally, even though there are disagreements with our
26 counterparts, I think is exceedingly high, and I think that's all very,

1 very good.

2 Finally, I think communications. I think we do a better
3 job of communicating today than we've done in the past, whether it's
4 having a new logo and a new motto, or whether it's having a better
5 web site. I think things are far better today than they were when I
6 came in `98.

7 In terms of challenges, I agree with Ed. I think we
8 could have done more on the Sunshine Act, and I hope future
9 Commissions are bolder than we have been. If I had it to do over
10 again, I might have urged the Commission perhaps to look a little bit
11 more holistically at the issue associated with the use of potassium
12 iodide. I think even today we're still fishing with the right answer. If I
13 had it to do over again, I wouldn't have cast the vote that I initially cast
14 back in `98 or `99, but that's water over the dam at this juncture.

15 I think this agency needs to keep doing the things it's
16 doing. And I think it needs to keep asking itself, can we do better?
17 And as long as we can focus on those things, I think this agency will
18 continue to be a winner, and will continue to achieve and receive the
19 accolades that it most recently has well deserved.

20 CHAIRMAN KLEIN: Thank you. I bet there's other
21 questions lurking out there.

22 PARTICIPANT: Can you hear me? During the last
23 All Hands Meeting with NMSS, you mentioned a program that would
24 allow for a new career advancement path for senior technical experts
25 and project managers. You specifically said this was not the SLS
26 program, but a new program to make continuous career advancement

1 available as another means of attracting and keeping senior level
2 employees. When can we expect to hear more on this initiative?

3 CHAIRMAN KLEIN: Well, since I was not here at the
4 last All Hands Meeting, I can tell you what my view is on career paths
5 for individuals. I believe that we should have two career paths for both
6 those who want to go into management, and those who want to stay
7 technical. The challenge that occurs in that area, if you just stay
8 technical, and part of that is from my past employment with Procter &
9 Gamble. Procter & Gamble had two career paths for those that
10 wanted to go up in management, and those who wanted to stay
11 technical.

12 I think the challenge that occurs in that area, if you do
13 just stay technical, it has to be big technical. It can't be just narrowly
14 focused, so from my perspective, I would like to see people have
15 career options so they don't have to go into management if they're not
16 suited for that.

17 One of the things that academia typically does that
18 does not always succeed is that whenever they pick a new
19 department chairman, they typically go out and get someone who's
20 good in research, great research record, brings in money, lot of
21 students. Those are not always your best administrators, which is
22 what a department chair oftentimes has to do. So I do believe that
23 people have different skill sets when they want to stay technical, but if
24 they do stay technical, they need to be broad-based in big programs,
25 as well as those who would prefer to go up into the management. So
26 I'll defer that question to my fellow Commissioners.

1 COMMISSIONER McGAFFIGAN: Mr. Chairman, I
2 don't -- I've got a pretty good memory. I don't remember that coming
3 up at last year's All Hands Meeting. And we don't have Mr.
4 McDermott with us today to talk about that, so I'm not sure what the
5 person has in mind. I mean, I believe, as the Chairman does, that you
6 need to make a choice between management and technical, and the
7 universities and the National Labs have it right in terms of having both
8 career paths. But it sounded like the questioner thought there was a
9 third career path being developed outside the SLS, and I'm not aware
10 of it. Does anybody from HR want to pipe up?

11 CHAIRMAN KLEIN: As you might expect, we will
12 have options to clarify answers later. What Elliott usually does when
13 he follows me at speeches, he usually spends a good time, what the
14 Chairman intended to say. And so we can clarify some of these
15 questions further on. Was there a question over here, as well?

16 PARTICIPANT: This question is from Headquarters.
17 The NRC has used PRA data to relax the regulatory burden on reactor
18 licensees. Is the Commission satisfied that sufficient safety margin is
19 being maintained to account for errors and unknowns?

20 CHAIRMAN KLEIN: Well, I'll start with that one. I
21 don't believe we are comprising anything on safety. I believe that this
22 agency, and the people of this agency maintain very high standards
23 and high margins. My guess is that there might be a specific area
24 where there could have been a difference of opinion.

25 As all of us know, honorable individuals can have a
26 legitimate difference of opinion, and so there might have been a

1 specific issue where people differed from. But I think overall, this
2 agency maintains its role in protecting public health and safety, and
3 my guess there, from all I've seen from all the people that I've worked
4 with, we have not sacrificed any margins inappropriately.

5 COMMISSIONER McGAFFIGAN: Speaking as the
6 Commission's, one of the Commission's PRA or Risk-informed
7 Regulation has to be persuaded people, I don't think we've given up
8 any margin. I have been railing for improved PRAs since I got here.
9 The new Part 52 will require the new plants to have living PRAs
10 throughout their lifetime. I regret that we've never done that. I noticed
11 in the paper that we'll hear from the Staff on Thursday, that some of
12 the Staff in looking at the ROP, the Reactor Oversight Process,
13 continue to worry about the quality of PRAs out there. That's why we
14 have SPAR models that we maintain, and will, I'm sure, continue to
15 maintain and improve. But the places where we've used PRA, and I
16 think successfully, and I voted for some of them, have the relaxation of
17 the hydrogen combustion rules. It was entirely appropriate. We had a
18 very sound basis for that.

19 In some sense 50.65(a)4 was the most, as I said, risk-
20 informed, the most important rule that we've done in this agency. And
21 that, for those of you who don't know, 50.65(a)4 has to do with doing
22 online maintenance activities, looking for residences where two pieces
23 of maintenance are putting the plant in a particularly difficult position.
24 That was a wonderful rule done very rapidly. Had to pass the backfit
25 rule, the industry didn't argue, which we'd like to see in other places,
26 but the places where I've been skeptical, and I think my former

1 colleague, Chairman Diaz, went a bit too far is the 50.46(a)
2 rulemaking, which the Staff has just come back to us with, with a very
3 good paper that I commended last week in a vote. And the 50.69,
4 special treatment rule that I voted against a couple of years ago, and
5 no one is using yet, as I think I predicted in my vote would be difficult.
6 But we are not cutting margin.

7 The Staff, I think, is following this very closely. It's
8 using PRA where it's in good shape, and is skeptical of PRA where it
9 isn't. And that's exactly what a regulator should do, and I see no
10 danger of, especially given the Staff's current position on 50.46(a), I
11 see absolutely no danger that we're going to relax to some degree
12 that's inappropriate.

13 CHAIRMAN KLEIN: Commissioner Lyons, I think you
14 might have had a comment you want to make?

15 COMMISSIONER LYONS: I learned very early in my
16 time here the difference between risk-based and risk-informed. And,
17 in fact, I think I learned that in my first All Hands Meeting when
18 somebody asked me a question about risk-based, and I didn't realize
19 the difference. But, as I quickly learned, the fact that we are risk-
20 informed, means that we use PRA in our decision-making process, but
21 it is not the sole determining factor. In that sense, I believe we are
22 using PRA is a very appropriate way, but still conditioned by the best
23 judgment of all of you sitting out there.

24 I, too, do not believe we have compromised safety in
25 the interest of looking towards risk-informed and PRA-based
26 approaches, PRA-informed approaches.

1 Since Ed mentioned 50.46(a), though, I do want to
2 say that as one who has not yet voted, I will be looking very carefully
3 at the Staff's recommendation on that to see whether I concur with it
4 or not, and simply because Ed mentioned it, I wanted to be sure that
5 someone else mentioned that at least in my mind, it's not nearly as cut
6 and dried on 50.46(a) relative to the Staff position. Thank you.

7 CHAIRMAN KLEIN: Commissioner Merrifield.

8 COMMISSIONER MERRIFIELD: Yes, I think my view
9 on the use of risk information is the same as it was when I first got
10 here. I remember hearing Shirley Jackson, then Chairman, very
11 articulately make it clear to the Staff that the view was that we were a
12 risk-informed agency, not a risk-based one, as Pete Lyons has just
13 said. And that risk is a two-way sword. And I don't think the
14 Commission has changed tact on that at all during the time that I have
15 been here. If we have risk tools that lead us to believe that we can
16 safely reduce unnecessary regulation, fine. But if risk tools lead us to
17 believe that we need to increase the level of regulation, we must and
18 have accepted that, as well. And I think that from a policy perspective,
19 that is what the Commission has been attempting to remain consistent
20 on, and I believe we have during the course of the nine years that I've
21 been on this particular body.

22 There are differences of opinion. I think the Chairman
23 quite adequately mentioned those. We have an avenue and a
24 process here at this agency where folks disagree. Those issues can
25 be raised, considered, and adjudged, and in some instances, even
26 with the paper that we have in front of us, there are differences of

1 opinion which have filtered up to the decisions being made by the
2 Commission, and help inform us about the right way to go.

3 The differing professional opinion process is an
4 opportunity for members of our Staff who believe that the majority is
5 going the wrong way to make sure that their voices are being heard,
6 but there is a corollary to that. And the corollary is, I think the
7 Commission should reasonably expect of its Staff that where you
8 believe that we are not being provided the best information that could
9 lead the Commission to making a decision that is not in the best
10 interest of the health and safety of the American people, then I think
11 each and every one of you has an obligation to use that process to
12 make sure that we are informed.

13 It's not just a matter of there's a process here if I want
14 to use it. The fact of the matter is, if the Commission is not aware of
15 things that we should be, and you know something that we don't
16 know, and you sit on your hands, pox on you.

17 All of our jobs are to protect public health and safety,
18 not just the Commission, not just the senior members of the Staff.
19 We're all here to do that, and I hope you remember that.

20 CHAIRMAN KLEIN: It took me a while to learn, and I
21 have not learned all the acronyms, but one of the first one I learned
22 was the DPO, and I had to learn what a DPO was. At the Department
23 of Defense, they had a program where you concur/non-concur, and I
24 think what's important about any process that we have is that we have
25 a process where all the issues get laid out on the table. And as I said,
26 honorable individuals can have a legitimate difference of opinion, but

1 the system goes up to the next level. You evaluate all of those
2 options, and then you move on, so that you don't just come to a halt,
3 just because you cannot reach a consensus, because sometimes you
4 do have to move forward with the best information that you have. And
5 so, a lot of other agencies, namely, DOD also has a process of
6 concur/non-concur, but it moves up to the next level of management.
7 They evaluate all those, and then move things forward. So I think we
8 always want to hear options, opinions, but I don't think any one of us
9 want to have any unreasonable margins of safety compromise.

10 Commissioner Jaczko.

11 COMMISSIONER JACZKO: I would just add a little
12 bit, I think, to what's been said. I think part of the importance here is
13 really the issue of margins. People often ask what's the thing that
14 keeps you up night, and it's probably margins, I think for me, because
15 that's probably the hardest thing to understand, and to really have a
16 good handle on.

17 PRA gives us the advantage of calculating margins,
18 and giving us, I think, hopefully, an accurate, and a more accurate
19 assessment of what the margins really are in a lot of cases, so I think
20 in a lot of cases where we've used PRA, what we've been able to do is
21 more accurately quantify the margins. And then we're able to make a
22 better judgment about what the appropriate size is for the margin. But
23 I think the area that I worry about is really to make sure that we're not
24 misusing information, and the accuracy of information, simply because
25 we can make calculations, for instance. Because we can quantify
26 margins with PRA much better, doesn't always mean that those

1 margins are necessarily more accurate than margins we could come
2 up with in other ways. And I think the issue of margins, of course,
3 plays into some of the more deterministic aspects of our regulations,
4 as well.

5 We're right now undergoing a tremendous change in
6 how we deal with the blockage of sump screens for recirculation in a
7 postulated accident. That was based on an assumption of margin that
8 was appropriate, which was an assumption that 50 percent of the
9 sump screen will be blocked. Well, that assumption and the margin
10 that was attributed to that turned out to be underly conservative, so I
11 think margin is always something we need to keep an eye on, and we
12 always need to be using whatever tools we have to get a good handle
13 on that, whether they're PRA or other tools, as well.

14 CHAIRMAN KLEIN: I think there was a question on
15 the left side. I thought someone was approaching a microphone
16 earlier.

17 PARTICIPANT: With the reported 23 COL ESP
18 applications coming in the next couple of years, what is the
19 Commission doing to ensure they are bona fide potential applications,
20 so that the Staff can plan and resource accordingly?

21 CHAIRMAN KLEIN: You know, that's a great
22 question. You know, there's a lot of scaler motion, and we want to
23 watch for vector motion, that things actually occur. One of the areas
24 that we're looking at for those utilities that are the most serious is that
25 we look at, in addition to the document that we expect to be very
26 accurate, and very complete, and very good, we also look, are those

1 utilities doing long-lead items, are they purchasing some components?
2 So we're looking, in addition to not only the license application, but
3 we're looking at other indicators on how serious these plants are.

4 I think all of us realize that we can't do all things to all
5 people all of the time, and our work load is getting challenging, and so
6 we - the Commission has looked at how do we prioritize if we have to
7 make choices? And so, during that prioritization process, we'll be
8 looking at those factors of which utilities do we really believe are
9 serious in terms of coming forward.

10 I was a little frustrated, just from a standpoint of only
11 having been here I guess 10 months and 29 days, but who's counting,
12 but our first early site permit is for a site that is not likely to be utilized,
13 and so as we go forward with the COLs, and the expected workload
14 that we have, both in the new reactors and other things that the
15 agency does, we do need to make sure we're putting our best people
16 on the most productive processes that are going to lead to something
17 that's needed in the near term.

18 COMMISSIONER MERRIFIELD: Well, Mr. Chairman,
19 one of the things that the Commissioners do is we talk to a lot of
20 people, and we try to get a sense, we use our own grapevine and our
21 network to find information. And I'm reminded, in this particular case,
22 there were a couple of potential applications that were kicking out
23 there, one of them being from Amarillo Power, and one from a group
24 of folks who were interested in building a plant up in Idaho. The name
25 of the entity I can't remember, AEHI. Anyway, so one of the easiest
26 ways to get information is you pick up the phone and you call people,

1 and so I called down to the folks at Amarillo Power, and ended up
2 having a meeting with them, and had a very long discussion with the
3 individual who's behind that particular effort, who gave me lots of
4 details that I can't share about what their intention is in terms of what
5 kind of reactors they want to buy, how many, where they want to put
6 them, where they're going to find the water, what they're going to do
7 with the power and whatnot. And I came back convinced that it was
8 plausible. Whether they'll submit an application still remains an open
9 question, but I came away from those discussions with the notion that
10 these folks are serious, they're not doing this for an exercise.

11 I had a slightly different situation with the folks with
12 this Idaho group, because I asked what's happening, where are you
13 going, and all that, and they explained to me what their process was.
14 They told me about the thousand dollar research budget that they
15 spent last year. And so we ended our discussion, and I didn't think
16 too much about it, until I read my name being used in the paper that
17 somehow I had been encouraging these folks to submit their
18 application.

19 Well, what I told the gentleman was, if you're truly
20 interested in building a nuclear power plant, then you need to get a
21 letter to us so that we can appropriately plan for it. You need to have
22 discussions with our Staff, with our senior managers to make that all
23 happen.

24 Well, that hasn't happened. My name has gotten
25 bandied around in a couple of different fora in order, I think, to
26 jawbone themselves into support for an application. I don't think it's

1 going to ever come, but nonetheless, we get information in a variety of
2 ways. And I think bottom line of the question is, I think an awful lot of
3 these utilities are quite serious about wanting to put in applications.

4 I think that there are some, although I won't name
5 them, who I think are probably putting their name and their slot in to
6 make sure they have an opportunity, but aren't necessarily anywhere
7 close to being in a position to actually put hard money down, and
8 actually building a reactor. And part of, I think, the challenge for the
9 Chairman, for the Commissioners, for the EDO and our Senior Staff is
10 to try to do and use whatever means we have to try to adjudge the
11 difference between those who are serious, and those who aren't. And
12 I think the question raises a fair issue, it's a tough call. And I think the
13 Commission has been struggling to meet that challenge and,
14 obviously, will continue to do that over the next couple of years.

15 COMMISSIONER McGAFFIGAN: Mr. Chairman, as I
16 said at the Regulatory Information Conference, if there's going to be a
17 nuclear renaissance, and I hope there is, it's more important that it get
18 off to a good start, and everybody get off to a good start. At some
19 point, we may well have to consider caps, as we did in license
20 renewal, Cap 10, active units.

21 The fact of the matter is, that the worldwide
22 infrastructure to produce 10 plants, if we were to cap at 10, and to
23 build 10 plants in the United States with the oil and gas industry, which
24 is a possible rival for workforce, being where it is at \$64 a barrel or
25 whatever today's price is, I think realism will reign in.

26 For us to handle every entity's dream and plan for it is

1 not rational. And our budgets may start approaching Pentagon-size
2 budgets if we try to. Maybe get the Pentagon to move here, we'll
3 move there, but --

4 CHAIRMAN KLEIN: At least we'd have office space.

5 COMMISSIONER McGAFFIGAN: Right. I think it will
6 work out.

7 COMMISSIONER MERRIFIELD: We'll still need to
8 restack.

9 COMMISSIONER McGAFFIGAN: I think realism will
10 dawn. As the Deputy Secretary of Energy said, he's pretty sure six
11 plants are going to be built. He isn't sure about after that, and these
12 are all issues that are going to get worked out over the next several
13 years. And I think the process we already have in place for prioritizing
14 will help future Commissions decide which of these applications to
15 give highest priority to, and which not. And even if they're full
16 applications and not done in - what was the number you used, Jeff,
17 \$10,000 a year? Even if they're full applications, I don't think that you
18 necessarily have to work on every one that's in the door.

19 COMMISSIONER JACZKO: I would just add. I think
20 one of the interesting things with this issue is it's perhaps an
21 unintended side-effect of the new licensing process that the
22 Commission is now operating with. Previously, you came in first for a
23 construction permit, so it's pretty clear you're going to build something.
24 You had to do that up front, before you actually went through and got
25 an operating license.

26 Now since we've changed the process so that you do

1 the licensing work up front, it's made it possible for people to separate
2 the financial risk for actually building a plant in two ways. They can
3 have a much smaller risk of coming in from a financial standpoint, of
4 spending the money to get a license, or go through the licensing
5 process, and then at that point have the opportunity to make a
6 decision about whether to proceed with construction, or whether to
7 actually use that license. So I think it's something that I think the
8 Commission is working through. And as several Commissioners have
9 mentioned, we have come up with a prioritization scheme to deal with
10 the situation in which we are resource limited in what applications, if
11 we get to that point, where we are resource limited, and we'll have
12 prioritization then to deal with the applications in that way. But I think
13 it is one of the consequences we see of the new process.

14 CHAIRMAN KLEIN: Commissioner Lyons.

15 COMMISSIONER LYONS: If I could just add, I, too,
16 am comfortable with the set of criteria that we have developed. And to
17 some extent, those criteria were developed in a process where other
18 options were considered, such as, perhaps requiring a significant up
19 front fee to sort out those who might be more serious.

20 At least in my own mind, I was very reluctant to go
21 with an up front fee, because I think if we have accepted that fee, it
22 becomes somewhat harder, perhaps, to truly prioritize applications
23 based on the quality of the application. And there could be some - I
24 think it would be only a perception, but there would be some
25 perception, in my mind, that by accepting such an up front fee, you get
26 into a situation where we sort of have to work on a particular

1 application independent of quality, and independent of how they would
2 rank on the other criteria, so I'm very comfortable with the approach
3 that we have now for using the criteria.

4 COMMISSIONER MERRIFIELD: Mr. Chairman, I
5 won't replicate my argument, but being a proponent of that particular
6 fee, I have a professional disagreement with my colleague to my left.
7 But, nonetheless, that's the way it works. He won, and I didn't, so I
8 still think it was a good idea.

9 COMMISSIONER McGAFFIGAN: Mr. Chairman,
10 could I ask the readers to not be bashful about being at the
11 microphone right as soon as the previous question is answered so we
12 can keep moving? And I'm also particularly interested if we're getting
13 any questions from any of the regions or the training center.

14 PARTICIPANT: This is a question from the regions.
15 Headquarters space remains a challenge, and has OMB, GSA
16 attention. Can the Commission speak about its awareness and
17 involvement in addressing regional office space needs? Thank you.

18 CHAIRMAN KLEIN: The answer is yes. We are well
19 aware of the regions challenges on space, as well. We are working
20 with our 535 advisors to seek remedies in that area, as well. I do
21 believe we will probably be, I'm hoping, successful, more
22 headquarters in the near term because that one has been worked on
23 longer, but we are right behind the regional office. We understand the
24 regional space dilemmas, particularly Region II, where the Office of
25 New Reactors is - New Reactor Construction is headed up, that has
26 some particular challenges, but we are watching space both at

1 headquarters and other locations.

2 COMMISSIONER McGAFFIGAN: Regions IV and I,
3 as well. I may be wrong, is Region III the only one that doesn't have
4 to move soon? We've got problems everywhere. We're aware of
5 them. The Staff keeps us aware of them. It's 535, plus GSA, plus
6 OMB. That's a murderers row, they'd win the super bowl every year,
7 I'm afraid.

8 COMMISSIONER LYONS: If I could just add to that,
9 a comment that I've made in visiting some of the regions, and I truly
10 believe it, is that one of the strengths of this agency is that we can
11 offer individuals who are joining the agency a choice of homes, if you
12 will. And if anything, I think in the future years, as perhaps it gets
13 more and more difficult to move people to the Capitol area, I think it
14 may be appropriate that we look towards actually expanding the
15 regional offices even more, which I realize exacerbates the space
16 problem that the Chairman indicated we're well aware of, and working
17 to solve.

18 CHAIRMAN KLEIN: Next question on the right.

19 PARTICIPANT: This is a question from the regions.
20 Are any other regions besides Region II going to be involved with the
21 New Reactor organization? If so, what extent will they be involved,
22 and when would this involvement occur?

23 CHAIRMAN KLEIN: Well, obviously, the regions will
24 be involved in different areas of activities, but depending on our
25 workload, what I would expect to happen is if Region II has more
26 challenges on their plate than they have people, and we need the load

1 level, Luis will not have any trouble of reaching out to other regions to
2 seek some load-leveling. So I think as time goes on, we will, and as
3 Commissioner Lyons indicated, we're looking at where do we perform
4 functions within this agency? Are there some functions that could be
5 relocated to other regions, and moved out of the headquarters with no
6 compromise on either safety or efficiency?

7 I think all of us that live in this area realize the cost of
8 housing is not exactly low, so when you are recruiting people to come
9 to the NRC, and they ask about housing, sometimes a little bit of
10 gasping occurs. So I think we will look at load-leveling, not only for all
11 of the regions, but in the event that certain tasks of new reactors are
12 better served outside of Region II, we will look at that, as well.

13 I don't think we have any specific tasks at the present
14 time. That's going to depend on the workload, and what happens with
15 these new reactors.

16 COMMISSIONER McGAFFIGAN: And, Mr.
17 Chairman, I'd just add, the SRM we did last year, I believe, basically
18 said we were choosing the Region II option over an alternative option
19 that had been proposed by the Staff. When regions outside of Region
20 II get involved, is when the plant is in their region. Region II is going
21 to be involved in watching the ITAACs and all that, but as the plant
22 gets close to operation, we're going to staff up with the Regional Staff,
23 and there'll be a transition, as I understand it, from Region II, to that
24 region staff that will then handle the start-up activities, and treat the
25 plant like any plant in that region. But it seemed to us at the time that
26 the dominant place where plants were considering to be built was

1 Region II, and spreading things around was not an efficient way to go
2 about things. So there's, clearly, a role for the regions once the plants
3 get close to operation, but up to that point, it's Region II's.

4 COMMISSIONER MERRIFIELD: Mr. Chairman, I
5 would only pile on to say, I think this is yet another example of how
6 times have changed. You wouldn't necessarily appreciate this, but it
7 seems like each of the first seven years I was at the Commission, we
8 always had at least one question from a region asking somewhat to
9 the extent of, are we going to have more regional offices closed? We
10 used to have a Region V office. And each year, the Commissioners
11 would individually beat their chests, and profess their profound love
12 and respect for the regional structure that we have.

13 Well, today, nobody in Washington that I am aware of,
14 including NEI, is urging that we get rid of our regional offices. And
15 today, we have a question about how we're going to be adding more
16 to the duties of our regional offices, so I think that's a healthy change
17 in terms of the questions we've had over these years, at least as it
18 relates to the regions.

19 COMMISSIONER McGAFFIGAN: And Marv Fertell
20 has taken that out of their annual letter on our fee rule, and I
21 appreciate that.

22 CHAIRMAN KLEIN: A question from the left.

23 PARTICIPANT: This is a question from
24 Headquarters. The NRC budget process seems inefficient and
25 frustrating. Does the Commission plan to --

26 COMMISSIONER MERRIFIELD: Luis, did you write

1 this question?

2 PARTICIPANT: I didn't write it. I promise. I didn't
3 write it. Does the Commission plan to do a lean Six Sigma review in
4 this area?

5 (Applause.)

6 CHAIRMAN KLEIN: Sounds like from the audience,
7 that must be a yes.

8 (Laughter.)

9 CHAIRMAN KLEIN: You know, I think all budgets
10 that have ever been worked on, have been challenging, whether it's at
11 the NRC, or any other agency. We can always do better, we can
12 always try to improve our processes.

13 I think what's challenging on any budget, and I've
14 been through a lot of those, is that you start off knowing your budget is
15 going to cut, at least you think that, so, therefore, you pad the budget.
16 And then as it moves up it gets padded even more, and so at the end
17 of the day, your budget starts off so big, that it's just not workable, and
18 then you have to start then trying to right-size those budgets.

19 I don't know enough details about the NRC budget
20 process at this point, other than I doubt that it's much different than
21 any other budget. If there's areas that you all know that we can
22 improve in, we'd like to hear about it. I did hear early in my trips to the
23 regions that when we have 10,000 accounting codes that we have to
24 budget employees time, that may be a little excessive, so we are
25 looking at some efficiencies on how we do our time and other
26 activities. So I do expect us to make improvements in the CFO area,

1 as well as IT, with new improvements, but I'll see if my colleagues
2 have any great words of wisdom. Again, I don't think our budgeting
3 process is probably any more difficult than any others. All budgets are
4 tough. You never get all you want, and then you have to make
5 choices, and choices aren't easy.

6 COMMISSIONER McGAFFIGAN: Mr. Chairman, I'll
7 just mention something we've done in the last couple of years, I think
8 helps the Staff in trying to put the budget together. We now get a
9 memo with their suggested prioritization for various things and various
10 areas. And we give them back guidance that can be quite different.
11 Hopefully, this year - I think they had to read most of our votes
12 individually, but the SRM eventually got put out, and each of us lost
13 something in that SRM. I hope it helps the Staff in terms of preparing
14 the budget that they're going to present to the Chairman shortly, so
15 we're trying. I'm not sure whether that's a lean Six Sigma tool. It's a
16 practical tool. Don't give us something out of nothing, ask us where
17 we think the priorities are early on. And it's only the last two or three
18 years that we've done that, and it's partly my doing. I had a hard time
19 with Nils the first time through, as Jeff remembers, but once it was the
20 Staff's priorities I was challenging, rather than Nils' priorities I was
21 challenging, it was all the difference in the world.

22 COMMISSIONER MERRIFIELD: Yes, I guess - I
23 think we've all, and I've made the largest number of go-rounds with
24 our Staff on the budget. I mean, budgeting, I think, is particularly hard
25 in this agency because so much of it's based on things of which we
26 have not a lot of control over. You think about it.

1 Obviously, we have our inspection resources, and
2 some of that we can plan on, but you can't - it's very difficult to know
3 when the next problem is going to drop out of the sky, but you've got
4 to be prepared to grapple with that.

5 We don't know, we can guess, we can anticipate, we
6 don't know exactly how many license applications, how many COL
7 applications we're going to receive. We don't know, we've been trying
8 to guess for years when DOE would finally come in with the Yucca
9 Mountain program. We don't know the timing of which some of our
10 licensees are going to be conducting clean-up operations. We don't
11 know when folks are going to say gee, I want to restart that mill I put
12 into lay-up those many years ago. So a lot of what our Senior Staff
13 has to do, and a lot of what the Commission has to ultimately resolve,
14 is a whole lot of tea leaf reading. And maybe a lean Six Sigma
15 program can help some of that. At the end of the day, it's going to still
16 rely on a whole lot of people using their best gut instinct, what they
17 know, to make some calls.

18 I think one of the tensions, and this will change from
19 period to period, I served during the period with Ed and Nils, and
20 others, where we took the budget process very, very seriously. And I
21 think any of the managers sitting in the front will tell you, we asked
22 questions about the budget with a fairly high degree of intrusion. We
23 got down into the details. And I think other Commissions may do it
24 differently. They may not get quite down into the details.

25 For me, as a Commissioner, I felt I wanted to know
26 what was going on. I used to query EPA about their budget, and I

1 asked the same kind of questions about our Staff as I did when I was
2 on the Senate Staff querying the EPA, because at the end of the day,
3 whatever happens, it's the five of us, or whoever the five occupants of
4 these five chairs are, that will have to answer the hard questions from
5 the folks that you all and others around the country elect. And if we
6 don't ask hard questions, and we know what our budget is all about,
7 and we're not putting ourselves as a Commission in a position to
8 adequately defend it, well, we're not doing this agency a service.
9 We're not doing our jobs.

10 So it makes for a lot of hard work, it makes for a lot of
11 frustration. I know it makes for a lot of midnight candle burning in the
12 spring and early summer, but in the end, it's what makes us
13 successful. Can we do better? Yes, I hope we all can do better, but
14 it's one that has worked pretty well.

15 CHAIRMAN KLEIN: I think one of the challenges we
16 have on budgets is that we have to project ahead two years. So right
17 now in `07, we're trying to guess what our demands will be in `09, and
18 that's, as was brought up earlier, there's a lot of potential COLs that
19 we hear about. And Luis asks, if not weekly, almost weekly, what date
20 do we expect to have these COLs arrive from these various utilities.
21 But it's difficult to project two years ahead in an uncertain environment
22 like this.

23 If you're in a manufacturing area, you know exactly
24 what your demand is, and you know how many parts that you have to
25 buy, your budgets are more predictable. But I think we're in a
26 challenging time at the NRC right now in not knowing what our

1 budgets will be two years out, which is why the last couple of years
2 there were supplemental increases from Congress on the official
3 budget that was submitted, because of the need to hire more
4 employees based on this workload that's coming in. So I think
5 inherently when you're two years out, you do the best you can. And
6 then, typically, what people do with budgets on that, is they build
7 contingencies. And so, if you build a big contingency, and then you
8 have a big carry-over, then that's not such a good idea, because as
9 Ed said, we have, in addition to our 535 advisors, we also have OMB
10 and others that look at our budgets on those carry-overs, and so if we
11 carry-over a lot of money, then we're going to get wacked when we try
12 to do it in a more reasonable way, so it is a challenge.

13 Let me comment a little bit on lean Six Sigma. Lean
14 Six Sigma is just a tool. What lean means, what we do is efficient,
15 and the Six Sigma part is whatever we do is very accurate. And it's a
16 method to go through and look at are we doing the right things, are we
17 asking for things that we really don't need to ask, are we doing things
18 we don't need to do, versus looking at things that we maybe should be
19 doing, that we're not doing.

20 My example of this is, if you look at the operating
21 experience that we have today, we have a lot of years of operating
22 experience, and so we're probably asking for questions based on
23 several decades ago of rules and requirements that we may not need
24 to do because we have different data. However, if we also project
25 forward, we have aging issues now that we did not have 20 or 30
26 years ago, that we should be asking. So lean Six Sigma just is a

1 process to make sure we're doing the right thing, and doing it
2 efficiently, as well as accurately, so that's just a tool. I'm sure the
3 budgets will continuously be a challenge. I've never been in a place
4 where they haven't been, but if you all have ideas on how we can do it
5 better, we're all ears.

6 COMMISSIONER McGAFFIGAN: Mr. Chairman, I'll
7 just add that we have asked in a recent SRM, and I think it's public,
8 about the balance between EDO and CFO, and there's a very long
9 ancient thing that hasn't been updated that we've asked be looked at.
10 We haven't heard about that.

11 The other thing I'll say, I have a particular feeling for
12 NMSS, as it tries to budget. I said it at the NMSS briefing earlier this
13 year. NMSS deals with a bunch of folks, notably, the Department of
14 Energy, who themselves are highly unstable. And if you saw last
15 week's mark in the House, apparently the MOX program has been
16 transferred from NNSA to NE on the grounds that it's no longer a non-
17 proliferation problem program in light of the Russian refusal to go that
18 way. And is given only \$120 million, wasn't told not to build, but when
19 it gets to NE, I have my doubts that it will survive very much.

20 GNEP, which the Staff and NMSS, I think, was
21 enthusiastic about trying to build a regulatory infrastructure for was
22 severely cut back to less than a third of what the President requested.
23 It basically kept the research program. And, of course, Yucca. And
24 then licensees, the only thing that pluses that up is licensees
25 occasionally surprise NMSS with additional things to do. The GE
26 Enrichment Facility is an example that wasn't budgeted, can be

1 budgeted, should be budgeted, but it's a tough job. Compared to
2 working with licensees who are trying to make a dollar, working with
3 DOE that's trying to follow programs of high controversy is a burden
4 that NMSS bears. And I think it means it's one of the places we have
5 to look for flexibility in what those folks can do from year to year,
6 because we can't budget for something, and then have the rug pulled
7 out from under them all the time.

8 CHAIRMAN KLEIN: I think there's another question
9 from the left.

10 PARTICIPANT: A question from headquarters. NRC
11 today believes and treats managers as if any manager can be placed
12 in any management position with equal results, or at least results that
13 are not inappropriate. However, today there are many branches with
14 branch chiefs who are technically inept in the area they oversee.
15 Even division directors in some offices sometimes have little technical
16 knowledge of the areas they manage. Is the Commission
17 reconsidering the policy of fungible management?

18 CHAIRMAN KLEIN: I can't imagine that we would
19 have any managers that were not competent. I think when we look at
20 moving people in a large organization, I think all of us here at the
21 Commission level want to make sure we get the best people in the
22 best positions to do the best job they can. And so, when we look at,
23 particularly the young people that are coming in here, my theme is
24 always that we hire good people, we train them, we tell them what we
25 want in performance, and then we give feedback as to how they're
26 doing. That should occur with managers, as well, so I think across the

1 board, we expect all of our employees to be accountable, whether
2 they're in a management position, or in a support role, or wherever
3 they are. So all the managers that I've personally dealt with, I think
4 want to work hard, do the right thing, as we all do. We want to
5 perform at a high level. We believe in what we're doing, and so I think
6 that the challenge we will have as an agency is, as people retire, we
7 don't bring people in that have that exact skill sets, because they
8 haven't had the years of experience, but the intent is that we will pick
9 good people. We will let our expectations be known, and we will hold
10 people accountable.

11 So I think that, from my perspective, we've done a
12 good job of training. We can always train more, and I think we will
13 have to train a lot more with this influx of people. But, typically, like all
14 organizations, we have choices, and we want to do what's best.
15 Commissioner McGaffigan.

16 COMMISSIONER McGAFFIGAN: Mr. Chairman, we
17 do not get down at the Commission level to branch chiefs, and
18 whatever. We do not believe that anybody can be the EDO or the
19 Deputy EDOs, or the Office Directors, or the Deputy Office Directors.
20 We sometimes have reached positions, and we only get to talk about
21 Deputy Office Directors out of the kindness of the Chairman. The rest
22 of those positions tend to be positions that we have a direct role in
23 trying to fulfill, and we take it seriously.

24 Is there too much of a generalist approach, and not
25 enough depth in some of the selections to the SES? That's a possible
26 argument, but people can grow, people can grow and do grow, and

1 they have to grow in some of those lesser positions once they're in the
2 SES. And that question really was a question for Luis, because he's
3 the one, he and his Office Directors, and Deputy EDOs, are the ones
4 who try to say is this position one that this person can do? And
5 there's a process for that. I think they carry it out in a dark room on
6 the 17th floor on Friday afternoons, and it's absolutely –

7 COMMISSIONER MERRIFIELD: Lots of candles are
8 involved.

9 COMMISSIONER McGAFFIGAN: It's absolutely
10 forbidden for Commissioners to show up, or have an opinion, or
11 whatever. But I'll tell you, we don't believe everybody is fungible. We
12 absolutely do not believe that Regional Administrators and the people
13 I mentioned are fungible.

14 COMMISSIONER MERRIFIELD: Mr. Chairman, I'll
15 only layer on top of that. I mean, I agree with Ed, but keep in mind,
16 we're all in Federal service, and there's also rules that applies to all
17 this. And one of the rules in Federal service is that for the purposes of
18 the Senior Executive Service, if you are a member of that August
19 group, you're considered to be talented to be a manager anywhere in
20 government, not just limited to the robust halls of our agency, but
21 anywhere in government, and that's the certification that you receive.

22 Now I think everybody in our senior management, the
23 Commission included, recognizes that that is not the case. And I think
24 we all, to the best of our ability, try to match people up with their skills,
25 their talents, and where we need to place them. It is an inaccurate
26 science, as it all is, and the Commission has made mistakes, and we

1 tried to fix them, and the Staff, the senior managers have made
2 mistakes and they tried to fix them. It's going to happen, and we don't
3 fire people. This isn't private industry. You're part of the NRC, you're
4 part of our family, and so we don't just sort of let people go. We've got
5 to figure out, if we're going to remove someone from a position, where
6 we're going to put them, and that's all a very careful dance that we do.

7 Now the final thing I would say is, I mean, part of the
8 question on that, and I am probably the most sensitive to it here at the
9 table, is in the issue of technical competence. If you look at technical
10 competency, went back in 1998 and you looked through my resume,
11 you would probably have balked to the notion of someone of my
12 background becoming a Commissioner of the Nuclear Regulatory
13 Commission. And I sometimes joke my background is in science,
14 political science. But I don't think that hindered me from being a very
15 active participant in this Commission. And you can grab any one of
16 the senior managers sitting in the first two or three front rows, and ask
17 them if I have not asked them very complicated and penetrating
18 questions, despite my lack of a Ph.D.

19 And I think the same suffices for some of our managers.

20 I think there is a tendency sometimes, well, if you
21 don't have an XYZ degree, you're not qualified for this position. And I
22 think the Chairman got it right on the head, that some people can be
23 very, very qualified, have excellent pedigrees, but can't manage their
24 way out of a paper bag, and vice versa. So this notion of you have to
25 have a certain pedigree to be "qualified" for certain positions, maybe
26 that's the case in some of the positions we have at the agency, but I

1 think if there are, they're the exception to the rule.

2 CHAIRMAN KLEIN: Commissioner Lyons.

3 COMMISSIONER LYONS: I would agree with the
4 comments that my fellow Commissioners made, but there's one other
5 fairly key point, at least to me; and that is, that training, knowledge
6 management, further education are not something that only happens
7 at the Staff level. As Jeff just indicated, it happens at the Commission
8 level, and it should be happening at all levels of management
9 throughout the organization. So the extent that an individual comes
10 into, perhaps, a branch chief position without the strongest credentials
11 in that particular area, I think it's up to that individual and his
12 supervision to be sure that he does, he or she, does get the necessary
13 training and skills needed for that position.

14 I guess I'd also add that one of the things that has
15 particularly impressed me about this agency is the extent to which
16 people at all levels of the agency have moved around. They haven't
17 spent their careers in only one part of the agency. We do have a
18 range of challenges in the agency, and I think that allows us to
19 provide, if you will, a range of interesting assignments and challenges
20 to all of our Staff. So at least from my perspective, I'm very supportive
21 of moving Staff, moving managers around the organization.

22 Certainly, in my career some of the most invigorating
23 things I did were when I changed positions into something where I
24 was not an expert. But back to my first comment, we all need to
25 recognize that we need training, need to benefit from knowledge
26 management, and we may need specific areas of education.

1 CHAIRMAN KLEIN: This will give me a chance to
2 comment on one of my most important comments that I learned in an
3 administrative capacity, and the importance of evaluations. When you
4 are evaluating your peers, your fellow employees, I think those are the
5 most difficult and unpleasant things to do, but they really need to be
6 done, and they to be done right. You need to give frank and honest
7 assessments, positive feedback where it's deserved, and corrective
8 actions and suggestions, where needed. So it's very important as we
9 do our personnel evaluations to do those accurately. They're not fun,
10 they're hard, and it takes work.

11 When I was at the university, I had the unfortunate
12 position of handling all the grievances that came through the College
13 of Engineering. And the number of times that I had people who want
14 to either promote or terminate, and I would ask to see the last three
15 years of the evaluations, and they were not there, so I encourage
16 evaluations to be performed, and performed well.

17 Another question in the back.

18 PARTICIPANT: Question is from headquarters. Will
19 the Commission ever consider implementing an Employee Concerns
20 Program similar to Nuclear Power licensees? Thank you.

21 CHAIRMAN KLEIN: Well, I would hope that we have
22 an Employees Concerns program already. I would hope that any
23 employee that has concerns and questions, have the right to bring
24 those up at any point in time, whether it's formal or informal. We all
25 have e-mail. We occasionally read it, and so I would encourage
26 anyone that has concerns, raise those through their management

1 positions so that basically people know those.

2 Too often, I've seen concerns expressed but never to
3 the right person, and so you tend to gunnysack issues. Things will
4 build up, and so you either vent to a colleague, and not to the
5 supervisor, so I would hope that we have a very open communication
6 system. I think that we were ranked the best Federal agency in
7 Federal government, tells that we do things good, not perfect. We can
8 always make them better, but I would hope that, certainly, I think from
9 the Commissioners' standpoint, we are concerned about our
10 employees, how they perform, and the opportunities that they have. I
11 believe that we have that program in place.

12 COMMISSIONER MERRIFIELD: Mr. Chairman, I
13 think all of us at one point or another in times past have talked about
14 our open door policy, and we provide an opportunity for any member
15 of the Staff who wants to come up and talk to us to do so. And in the
16 last nine years, there have been a fairly good number of folks who
17 have availed themselves of that opportunity to come to my office and
18 tell me what's going on, both good and bad. And I think people
19 shouldn't be shy about doing that, whether it's coming to our offices, or
20 seeing us in the hallway.

21 I'll give a kudos to Dale Yielding. Dale has frequently
22 taking elevator rides me with me to the 18th floor on behalf of some of
23 his members and told me what he thinks, and that's fine, too. And
24 there have been some instances where I think we made some change
25 as a result of that. Sometimes I don't agree with Dale, and I haven't,
26 but that's the kind of dialogue I think we could have in this agency.

1 And at least for my part, I think that's been good, and I think it's
2 something that should continue.

3 CHAIRMAN KLEIN: Not only do we have an open
4 door policy, but I know my colleague to the right oftentimes corrals
5 many of you in the cafeteria to talk, and to find out the issues that are
6 on your mind.

7 COMMISSIONER McGAFFIGAN: Cafeteria,
8 corridors, elevators, anything that works. I, also, mentioning Dale, I
9 want to thank him for an e-mail, I'm not sure he's ever gotten - but I
10 learned from Dale that the blood work that I needed to get done for
11 various things could be done at the Med Center downstairs. He had
12 sent an e-mail out. Then I saw him in the hallway and he said by the
13 way, that isn't official yet, or something. I don't remember the - it still
14 hasn't worked it's way through, but it helped me, and I appreciate it,
15 even though I'm not, and cannot be a member of his union.

16 CHAIRMAN KLEIN: Pete.

17 COMMISSIONER LYONS: If I could just add to that,
18 we've talked about the open door policy, which certainly I support, but
19 if I could put in a plug for the Fitness Center. I have also joked that
20 there's an open gym policy down in the Fitness Center. I'm certainly
21 there almost every morning, at least when I can breathe, not today.
22 But there are many opportunities to reach all of us, and I would
23 encourage you to use them.

24 CHAIRMAN KLEIN: Thank you. Another question.

25 PARTICIPANT: Mr. Chairman, this question is from
26 Headquarters. How does the Commission view drop-in visits by

1 licensees, senior managers, and managers from NEI? Our public
2 stakeholders often question these, and they sometimes result in direct
3 questioning coming down to the Staff.

4 CHAIRMAN KLEIN: Could you - I missed the first
5 part of that question.

6 PARTICIPANT: Yes. How does the Commission
7 view drop-in visits by licensees, senior managers, and managers from
8 NEI?

9 CHAIRMAN KLEIN: Well, let me - I'll comment on
10 that personally. The way that we learn, and the way we hear are by
11 drop-in visits, whoever they're from. Drop-in visits are by those that
12 we license, and by those that we don't license. We have people from
13 other agencies drop-in, so I think drop-in visits are very important as to
14 how we learn, and how we receive information. And it guides us to
15 help identify what issues are. I think the important thing is that those
16 drop-in visits are just one means of getting information. There are
17 many others; telephone calls, e-mails, faxes, letters, so I think it's a
18 very valuable way to gain information.

19 This agency is the most public agency that I've seen.
20 We have open door policies. We make our decisions in a public
21 forum. That doesn't mean that every piece of information we get that
22 we get standing in front of a microphone. We do get information from
23 a variety of stakeholders, both for and against nuclear power. But I
24 think it's just one means of getting information. Commissioner
25 McGaffigan.

26 COMMISSIONER McGAFFIGAN: Mr. Chairman, I

1 would just add that those who believe there's a conspiracy in drop-in
2 visits, I almost would wish they could see some, because I give NEI
3 and some of the licensees just as hard a time as I said earlier, I give
4 others, if I don't believe they're accurately reflecting something. And
5 there are far fewer of them than you would realize.

6 I spent 14 years on Capitol Hill, and I guess three of
7 my colleagues have been there, and I don't notice Senators or
8 Congressmen having totally open schedules. Our schedules are
9 FOIAable, I think, including we have drop-in visits with, and they're
10 routinely looked at, and all that.

11 COMMISSIONER MERRIFIELD: I think we've had -
12 at least you and I have had to cough up schedules two or three times
13 for FOIA.

14 COMMISSIONER McGAFFIGAN: Right. So I'm not
15 hiding anything as to who I meet with, except that whoever thinks I'm
16 meeting with a lot of people don't know me. I learn more by reading,
17 and when I do have them in, I challenge them. But we have to be able
18 to have private meetings with folks, and learn. And as I say, that's the
19 standard operating procedure in other agencies, and in the Congress,
20 itself, so I don't think until somebody passes a law saying all meetings
21 that involve commissioners must be public, that's not something that
22 we should do.

23 I, personally, on Yucca Mountain, have cut off folks
24 and said that my meetings in the future either with the State or
25 counties, or DOE, are going to be public. We'll go downstairs and
26 we'll talk, but that's just me, going beyond what the law requires, just

1 at this time, given that the application may be only 13 months away.

2 COMMISSIONER MERRIFIELD: Mr. Chairman, I, of
3 course, someone will probably find one example of it, but I've got to
4 say, I don't think I have knowingly ever turned down a meeting since
5 I've been on the Commission, unless it was something that I couldn't
6 do for legal reasons.

7 I think that the Commission is served by getting more
8 information, rather than less. And those meetings, I agree with Ed
9 McGaffigan, there are licensees who got their ears bashed a bit in
10 some of those meetings, so it's not all positive meetings in that regard.

11 I regret, sometimes, that others have chosen not to
12 come in. I mean, on any number of occasions, a lot of times I had to
13 actually ask my Staff to go out and ask people to come in and meet
14 with me, to get a better understanding of the diversities that we have
15 to face, and that's unfortunate. I wish some folks took more of an
16 opportunity to come and meet with the Commission. And, frankly, I
17 think there are some utilities, and I've urged this both publicly and
18 privately, there's some utilities that don't come in often enough. I think
19 CEOs ought to come in and meet with the Commission. They're
20 accountable for the nuclear power plants that they own, and they
21 ought to understand and know the Commissioners face-to-face.
22 Utilities CEO's trot all over Washington, D.C. meeting with a bunch of
23 Senators, the notion that they wouldn't have sufficient time to meet
24 with someone who can shut down their plant on any given day of the
25 week is, in my view, not good corporate governance.

26 I think folks outside of this agency who make some

1 claims about how this is somehow nefarious, I think it's all specious,
2 frankly. I think these meetings are useful, and I hope that they can
3 continue. And anybody thought of enacting a law that would prohibit
4 us from doing it, I think that's stupid.

5 CHAIRMAN KLEIN: I would say that at the moment,
6 First Energy wanted a meeting with me, I'd certainly give it, and they'd
7 get a piece of my mind about the exponent report.

8 (Laughter.)

9 CHAIRMAN KLEIN: Commissioner Jaczko.

10 COMMISSIONER JACZKO: Well, I would just add, I
11 think Commissioner Merrifield made some good points. These
12 meetings are extremely important, I think. Dialogue with our licensees
13 is extremely important. I think I tend to put NEI in a slightly different
14 category, because NEI is not a licensee by itself. They represent -
15 they're a trade organization, like other organizations I think in this
16 town. Washington is kind of full of the acronym organizations. But I
17 think that those meetings are important.

18 I think, as Commissioner Merrifield said, I think the
19 unfortunate thing is that we don't have more meetings with other
20 stakeholders on other issues. We tend to hear from the licensees
21 because the licensees do have often a more immediate interest in
22 speaking with the Commission, because we may be taking an action
23 that directly affects them. And I think, unfortunately, sometimes we
24 don't hear as much as we should from other stakeholders who may
25 not have a direct impact, or a direct effect from a particular decision,
26 but ultimately may be affected by the decisions we make. So I think

1 the key really to addressing this is really to get more individuals
2 representing other stakeholders in to see the Commission, as well, not
3 necessarily to stop communication that already exists, because I think
4 as perhaps the Chairman said, or other Commissioners said,
5 communication is extremely important in what we do, and it's
6 important that we continue to have dialogue with a wide variety of
7 groups.

8 COMMISSIONER MERRIFIELD: The only thing I'd
9 say, and I completely agree with you on this, Greg. It's unfortunate
10 that there have been instances where there are folks who will come in
11 and will say well, I'm only going to meet with these, name the number,
12 two, three, four members of the Commission because those are the
13 folks who I think will agree with me, and I'm going to avoid the others,
14 because they may not see eye-to-eye. I think that's truly unfortunate.
15 I think anyone, whether it's a utility or a public interest group that
16 comes into this agency, if they feel it's important enough to meet with
17 one Commissioner, they ought to meet with all of us. And I always
18 encourage everyone I meet with to do that.

19 CHAIRMAN KLEIN: I think there's a question up here
20 on the right.

21 PARTICIPANT: This question is from Headquarters.
22 Last July, it was announced that the NRC would adopt Microsoft
23 Office as its standard, with only a few exceptions we are using our
24 computer systems to work the same way we used to work. What
25 changes can we hope to see? Please share the Commission's vision
26 for more effective use of office systems.

1 CHAIRMAN KLEIN: Boy, I could have planted that
2 one, couldn't I? Well, we do have a new CIO that I assume will be
3 changing activities. One of the aspects that surprised me when I was
4 getting ready for my confirmation hearing is - and I'm sure most of you
5 have heard the story - was the lack of Blackberries. Because
6 Blackberry - you know, good news/bad news. Blackberries, you can
7 be reached at any time, the bad news is you can be reached at any
8 time. But it really does let you do your job, when you can do your job.
9 And, particularly, when you travel, on being able to read and
10 communicate, and get e-mails is important.

11 As Commissioner McGaffigan indicated, some of our
12 IT has not received the attention it should have had because there
13 were other pressing issues, but we're putting a lot of emphasis and
14 effort into changing our IT structure, including our software. My
15 example is always, can you imagine going to a college campus and
16 saying come and work for the NRC, that we have Novell as the
17 system. And I'm not a sales person for Microsoft, but if you look at the
18 people that are out there basically coming out of colleges, and how
19 many of you have personal computers at home? Of those that have
20 it, how many have Outlook on them? If we use something different
21 than Outlook, we have to train twice. We have to train on our
22 procedures, plus the system. And I know the lawyers always have a
23 hard time with WordPerfect. Lawyers are the hardest. I see Karen,
24 so I have to harass Karen. So there are programs like WordPerfect,
25 that have some features that are nice, and I'll agree with Karen,
26 occasionally, that she can use other programs. But I think the

1 important thing for us, when we look at our training budget, and how
2 much time we spend, the students that are coming out today use
3 Word, and it's not necessarily the best, but that's what people are
4 trained. And so if we use something different than that, it costs a lot of
5 additional training, so I would hope that we can get to these new
6 suites quickly. We do have to have a certification program, so we do
7 have rules and procedures that we have to go through. I mean, we
8 are a regulatory body, after all. But the sooner the better, and I would
9 like to see us move to the systems that people are using.

10 Now the risk of that is, as you all know, there are a lot
11 of people who like to cause disruption, and so hackers, and bugs, and
12 viruses that are out there, Outlook is a target. You very seldom hear
13 Apple, for example, being targeted for a couple of reasons. One is the
14 inherent systems that they have are less prone, but in addition, if
15 someone wants to spread terror and disruption, they can have a lot
16 more impact going after Outlook. So it's very important that we have a
17 system that a lot of people use and are familiar with, and that we can
18 communicate with others.

19 In addition, we have to have strong firewalls, so that
20 we are not hacked. The fact that we have nuclear in our name will
21 make us a prime target. It's just - the five-sided building that I used to
22 work in, people were probing DOD thousands of times a day, and in
23 addition, there were focused attacks that would come from specific
24 countries, so there are people out there that want to cause disruption,
25 so it's important that we have current modern systems that people are
26 familiar with, that are good, that will let us do our jobs, but we also

1 have to have firewalls that are reasonable.

2 I always harass Karen every chance I get, but one of
3 the - when I was being considered for confirmation, the first document
4 that Karen sent me, I couldn't open, so, yes, she could read mine.
5 She reminds me of that, that she could read mine. So we definitely
6 want to provide tools that are current, modern, and usable, and that
7 people use. Again, I'm not a sales person at all for Microsoft, but that
8 is the suite that industry uses, and so a number of times, I have sent
9 documents forwarded on through Word Perfect that someone will
10 come back and say would you please send me a document that I can
11 open. So we do have room for improvement, and on the specifics, I'll
12 let Darren Ash talk about that at a later point of time, of how soon we'll
13 get that confirmed. Next question.

14 PARTICIPANT: This is a question from
15 Headquarters. There has been much discussion regarding the
16 difficulty that NRC and industry has in attracting and keeping good
17 people. Yet, at RIC, Chairman Klein said right after articulating this,
18 that he did not want to engage in a bidding war for talented people.
19 Why? If demand is so great, why have wages not risen?

20 CHAIRMAN KLEIN: Well, actually, we have, I think,
21 been successful in our bidding war. We are competing against other
22 employers, and we've done very well. What the Chairman intended to
23 say -

24 (Laughter.)

25 CHAIRMAN KLEIN: -- is that it is not beneficial to the
26 industry to be in a bidding war. For example, what we need to do is

1 increase the pool of applicants for which we are all striving. I think the
2 NRC has done an excellent job in recruiting and bringing very
3 talented, and very good people into the agency. And we want to
4 retain those that we have, so we want to both recruit and retain. But
5 if, for example, the NRC is going after the same people, industry is
6 going after the same people that the vendors are going after, same
7 people that other Federal agencies are going after, and we're in this
8 bidding war, then that's not what our Nation needs. Our Nation needs
9 more trained applicants for which we all recruit from, and so that's my
10 point, is that we will be competitive, we will be bidding for people, but
11 that's not what our Nation needs. We need a better pool of applicants
12 to be drawing from nationwide.

13 The area, frankly, that I'm most concerned with for
14 technical people are construction people. When you look at any major
15 construction project, there's always challenges in the quality of
16 construction, and the quality of the individuals. All of us that have
17 been in the nuclear business for a long time know that welding is
18 rather important, and so if we start building a lot of nuclear plants, we
19 need to make sure we have certified welders so that we don't have
20 problems. So I think it's important that we have a better pool to draw
21 from, in not only the nuclear field, but in other areas, as well.

22 When you look at the United States, and you look at
23 the number of people that are going into science and engineering in
24 the United States compared to other countries, China, India, as an
25 example, if we don't address that nationwide, we're at risk of falling
26 behind in decades ahead.

1 COMMISSIONER MERRIFIELD: Mr. Chairman, I
2 was somewhat bemused by the question. Last week, I was meeting
3 with a CNO from a large utility who, for lack of a better word, was
4 bitching at me about how much we're paying entry level electrical
5 engineers, and how shocked he was about how he was going to have
6 to compete against that. I think as a general matter the Commission
7 has tried to make sure that we are competitive, and I think given the
8 limitations that we have in the Federal government, much of which is
9 completely outside of the control of ourselves and our managers, I
10 think we're doing a pretty good job at it. Hence, I think the overall job
11 satisfaction we have in the agency - none of us went into Federal
12 service for the bottom line number, but nonetheless, I think we've
13 done a fairly good job of trying to make sure our people are
14 adequately compensated.

15 CHAIRMAN KLEIN: Commissioner Lyons.

16 COMMISSIONER LYONS: I guess my comment is
17 similar to what Commissioner Merrifield just said. We certainly need
18 to use all the tools that are available to us in order to do our best to
19 retain people. But we also, I think, need to be asking, I think all of us
20 need to be asking our neighbors, why was NRC rated as the top place
21 to work in the Federal government? We need to recognize the
22 strengths that got us there, recognize what weaknesses we have, and
23 keep working to make sure that this place is the best to work in the
24 Federal government. It's going to be very hard to stay on top.

25 COMMISSIONER McGAFFIGAN: Are there any
26 regional questions, or are we totally out of questions, it looks like.

1 PARTICIPANT: I have a question, but it's not
2 regional. It's from Headquarters. With the new Chairman in place,
3 are there any new thoughts about increasing the dollar threshold for
4 Chairman Paper approval?

5 COMMISSIONER McGAFFIGAN: That's another Luis
6 one.

7 COMMISSIONER JACZKO: Maybe I should start
8 with that one.

9 CHAIRMAN KLEIN: Well, yes, I would like to get out
10 of the mode of approving some of the purchases that I am required to
11 do. One of the things, though, that I found that we need to work on
12 our process is that some of the contracts that I personally look at, I
13 would have never looked at in my former agency. Just on the
14 magnitude of the dollar amount, and so I believe that the
15 Commissioners should do the whats, and the Staff should do the
16 hows. We should look at where do we want to move the agency, and
17 what are the big issues, and the Staff really knows how to do the
18 things, and should do them well. But I have to look at, in part,
19 because of some requirements my fellow Commissioners have
20 encouraged me to do, so I look at a lot of contracts that I would not
21 have done. But I wanted to look at some data to find out of all the
22 contracts that I reviewed in the one to three million range, how many
23 of those had problems. And my expectation was that I had to look at
24 maybe 50 of them, and there was only problem with one or two, and,
25 therefore, I could get rid of that process. And that was not the data.
26 The data showed that there was about an 80 percent chance of a

1 contract that came in, there were unresolved issues, and of those,
2 over 50 percent had changes ultimately required. So we need to do a
3 little bit better on our contracts internally, and Luis has been looking at
4 that, so that by the time they come up to me, there's not those
5 unresolved or inappropriate issues to look at.

6 So the bottom line is, I hope in the future to get out of
7 that, but it will be based on results. And so it depends on, if what I see
8 for those one to three million contracts don't need changes, and are
9 complete and accurate, then I will have the data to go back to my
10 fellow Commissioners and say I don't need to look at those any more.

11 COMMISSIONER McGAFFIGAN: For 1 or 2 percent,
12 you get my -- or 5 percent you get my approval. As I warned you, it
13 wasn't going to be that.

14 COMMISSIONER MERRIFIELD: Yes. Mr.
15 Chairman, I've got to say, I know there's a temptation to try to push
16 things down, but I was one of the ones who pushed for us to lower
17 that threshold. And my concern has been validated by the information
18 that you have received. And I think if there was -- I mean, I'm going to
19 be going, so whatever you guys do, it's your choice, but were I to stay
20 here, I would certainly, for the time being, argue that we ought to keep
21 that threshold, given what is being found. And if you're finding issues
22 with million dollar contracts, we're a small agency, but I know,
23 speaking, if nothing else, for the Inspector General's Office, a million
24 dollars is still a lot of money. And having an extra, a little extra review
25 on the part of the Commission level, I don't think hurts.

26 CHAIRMAN KLEIN: We know where we want to go.

1 We would like to have the need for my office not to look at some of
2 those, but that depends on the results.

3 COMMISSIONER JACZKO: And if I could just add, I
4 think the -- I certainly agree with Commissioner Merrifield. I think this
5 is something that the Commission has decided, the Commission
6 wants this level of review, because I think this is still an area where,
7 certainly from my perspective, I think we can have some improvement
8 as an agency in how we're dealing with contracts, and how we're
9 handling contracts. And so, I think that that's part of the reason that
10 the Commission has wanted to take such a specific interest in
11 awareness of the contracts that are going out so that we can get a
12 better handle on how they're being issued, and where the problems
13 are occurring, so we can improve that process.

14 CHAIRMAN KLEIN: I think we might have time for
15 one more question, and I see a victim standing in the back at the
16 microphone.

17 PARTICIPANT: This question is from Headquarters.
18 In recent years, the Commission has been skeptical of the ability of
19 the Agreement States to carry out the commitments of the
20 agreements. This includes the slow progress in establishing
21 compatible regulations, failures in basic areas, such as licensing and
22 inspection, and concerns about their funding. This would seem to
23 argue that NRC should heighten oversight of the states, even revoke
24 an agreement. However, NRC is now shifting FTE from FSME to
25 NRO, presumably because of the continued decline in license fees, as
26 more states become Agreement States. In order to maintain a

1 sufficient level of oversight, shouldn't the NRC begin charging states
2 for oversight, and not covering their expenses in other areas? After
3 all, the states have their own fee-base that they can recover costs
4 from, and they generally lowered the fees from what NRC charged
5 after assuming regulation in their state. Do you have any words of
6 encouragement for the Staff who are being asked to provide oversight
7 of more states, even as Staff are cut? Thank you.

8 CHAIRMAN KLEIN: Well, as former chairman of the
9 Texas Radiation Advisory Board, that was an Agreement State, I do
10 have some opinions. I'm a fan of the Agreement State program, and
11 the reason for that is those individuals know the licensees and how
12 they operate a little bit better than when you're further removed from
13 those states.

14 I know it will come as no surprise, but all states are
15 not created equal. Some states have more visibility with their
16 programs than others, they have different pay structures, and
17 sometimes a good state will get into difficulty with their pay scales,
18 and they're not able to recruit the caliber of individuals they need, and
19 so you'll have a good Agreement State that may slide downhill.

20 I believe that the NRC has a good program of
21 reviewing these Agreement States. And if they don't meet our
22 standards, they do get in trouble. And so, I think there is a fairly
23 strong feedback process.

24 I will say that there are certain programs that it is a
25 Federal responsibility to perform, and for those non-Agreement States
26 that are either too small, or don't have the magnitude of need that we

1 will then provide part of that licensing activities. And sometimes our
2 costs are higher than the states, but I think it will be difficult for all
3 costs to be shoved down at the state level. We do get some funds
4 from the Federal government. We would like more of our fees, or
5 more of our costs not to be directly fee-based, but I think it would be
6 very difficult to shift sometimes the burden on the states. But my view
7 on the Agreement States is, I think they're great programs. We need
8 to maintain proper oversight, and we need to make sure that they
9 meet our standards. And if they don't, we will respond accordingly.

10 COMMISSIONER McGAFFIGAN: I'm not going to
11 add anything. I think some of the premises in the question are wrong,
12 even though I'm not the Agreement States greatest fan here. I think
13 Pete has taken over that mantle from Greta. But I don't think that
14 some of the premises in the question are appropriate, and I know the
15 time is getting short.

16 CHAIRMAN KLEIN: Commissioner Lyons.

17 COMMISSIONER LYONS: Well, whether I'm the
18 greatest fan of the Agreement States, I don't know, since the
19 Chairman has a rather strong interest in this. But I have tried to be
20 very aware of the Agreement States program, and I strongly concur
21 with the statements that the Chairman just made about the importance
22 of the program.

23 To me, the answer to at least parts of that question is,
24 again, what the Chairman, I think, hinted at. I think we should be
25 trying to move more of the National Material Program off of the fee-
26 base, and I think that will become more and more critical as more

1 states become Agreement States.

2 We still need to maintain at the NRC a significant
3 infrastructure to support the Agreement States, for the IMPEP
4 reviews, et cetera. And in my mind, getting the National Materials
5 Program, or some significant part of it, off the fee-base would be a
6 significant step in the right direction.

7 COMMISSIONER MERRIFIELD: Yes, I'd agree with
8 that point. I think it's an issue that the Commission has been
9 grappling with for years, is to make sure we've got enough money off
10 the fee-base to continue the programs, and not put the burden on the
11 increasingly limited number of licensees we have.

12 I would say, there's no way we're ever going to
13 charge the states to regulate them. That's just not going to happen. I
14 do have to say, from a personal perspective, I do think sometimes we
15 are overly leery of cracking down on the states, if we need to. My
16 home state of New Hampshire, we went through a couple of go-
17 rounds with them, they did not have the resources, they did not have
18 the people, they were not running the program the way they should
19 have. Fortunately, for them, they did get their act together, but I think
20 there are far worse things in life for our agency to do than to consider
21 stepping back into a state program, where the state can't operate on
22 their own.

23 The bottom line is, the agency is answerable for
24 public health and safety, the civilian uses of nuclear materials. And if
25 a state is falling short, and if the individuals who live and work in that
26 state are not getting the services from that state regulator, then I think

1 we have an obligation to step in, if need be. And I think we sometimes
2 are a little bit too hesitant to step on the shoes of some of our state
3 counterparts. And I don't think we should be. Thank you.

4 CHAIRMAN KLEIN: Commissioner Jaczko.

5 COMMISSIONER JACZKO: I would just briefly add
6 that I think one of the challenges we do have with the Agreement
7 State programs is that, as I found in about two and a half years here,
8 they often don't have the same level of access to their decision
9 makers at the state level, as we have at the Federal level. So issues
10 like budgeting and resources are issues for the agencies we deal with,
11 because they're often not top-line agencies. They're often second or
12 third line in the bureaucracy, and so it does create a challenge, I think,
13 for them to be able to have the resources sometimes to get the Staff,
14 and to get the resources that they need, so I think it's certainly
15 something we have to continue to watch out for.

16 I certainly would just also want to comment briefly on
17 the comment about transferring Staff to NRO. And maybe perhaps
18 whoever asked the question could provide more information about
19 what they meant by that, but I certainly don't think the Commission
20 ever made any decisions that we were transferring Staff from
21 oversight or the Agreement State program to NRO. That is not
22 something that I think the Commission certainly has intended, or as a
23 policy decision has made.

24 CHAIRMAN KLEIN: Well, two words you always like
25 to hear speakers say, that is, in summary. In summary, I would like to
26 thank all of you for attending. What you do is very important, both to

1 us as Commissioners, and to the Nation, as a whole. So on behalf of
2 my fellow Commissioners, I'd like to thank you for what you do for our
3 agency, that makes us the best Federal place to work, and we expect
4 to keep it there.

5 I would like to make one point, that I've been very
6 impressed as I travel internationally and worked with international
7 regulators from other countries, we are viewed as the best nuclear
8 regulator in the world, and so what you do is not only appreciated in
9 the United States, but by other countries, as well, as you probably
10 know from getting help occasionally. So with that, I'll turn it back to
11 Luis.

12 MR. REYES: We had a very exciting afternoon. We
13 probably have more questions. We are going to keep the blue cards,
14 if you have questions, we promise to give you answers on our web
15 page, so please pass them to the ushers. I want to thank you for your
16 active participation. I want to thank the Commissioners for spending
17 the afternoon with us. Thank you very much.