

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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12th ANNUAL MEETING OF ALL EMPLOYEES

AFTERNOON SESSION

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WEDNESDAY,

JUNE 11, 2003

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ROCKVILLE, MARYLAND

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The meeting was held on the Plaza, Two White
Flint North, Rockville, Maryland, at 1:30 p.m., Nils J. Diaz, Chairman, presiding.

PRESENT:

NILS J. DIAZ Chairman

EDWARD McGAFFIGAN, JR. Commissioner

JEFFREY S. MERRIFIELD Commissioner

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

(1:34 p.m.)

MS. NORRY: Good afternoon. So far the rain has held off, and that's what was arranged by the founders of this event. So all appreciation goes to the Office of Administration and the Office of CIO. Thank you. I'd like to welcome all of you to this 12th annual meeting with the staff and the Commission, Chairman Diaz, Commissioner McGaffigan, and Commissioner Merrifield.

With the exception of 1993, we have done these meetings every year since 1991. We have, in addition to headquarters, the regions and TTC who are with us on video. We also have the remote sites who are on audio. We will have questions after the Chairman makes his remarks into our microphones for that purpose. The only questions that will not be appropriate are those that are currently in some sort of a formal process like grievances.

We handed out question cards. If you prefer to write your question, just give it to one of the staff, and we'll give it to the people who will be reading the questions. The questions that were submitted in advance will be handled.

There are two volunteers I would like to introduce who will be reading the questions that are on cards. That's Susan Smith from CIO and James Heck from the Office of Administration. Also behind the scenes helping to sort out the questions are Mike Lesar and Mary Lynn Scott, both from the Office of Administration. We also have representatives of the National Treasury Employees Union with us over here. (Indicating.)

Before we proceed, I have a brief statement which Commissioner Dicus, who is on travel, asked me to read. "It is a significant disappointment to me not to be able to be with you today. After seven plus years on the Commission, I still haven't figured out

how to be in two places at the same time. Serving on the Commission has been an incredible journey for me.

I have truly enjoyed these years and in large measure because of you, the NRC staff. You are, in my view, the best assembly of professionalism and expertise to be found in the Federal government. I am very proud to have been a part of the NRC, and I wish each of you the very best in the future." Now, I would like to introduce Chairman Diaz.

CHAIRMAN DIAZ: Thank you, Pat, and welcome again. Good afternoon to everybody, to all the people in headquarters and the regions and the remote sites. We regret that Commissioner Dicus is not going to be with us today, but I am joined by my fellow Commissioners Ed McGaffigan and Jeffrey Merrifield. We would like to have your questions. We are looking forward to it.

On behalf of the Commission, let me also welcome those people that are not with us from the regions. We do value their contributions to the agency and of course from the remote sites also. Your distance from us is not really an indication of how much we appreciate your work for the agency. The fact is this is one way in which we actually like for you to see us. We can't see you, but we know you are there.

Today's meeting brings to mind three issues that are of special interest to me particularly: communications, regulatory reforms, and homeland preparedness. I believe this is the 11th All Employees Meeting that the agency has held since the concept of an agency-wide meeting with the Commission intended to improve internal communication was first held by Chairman Selin.

His idea was that such a meeting would be a very efficient way to explain to a concerned NRC staff the direction he planned to lead the agency and what his views on regulation and nuclear energy actually were. By most accounts, the first agency-wide

meeting was a real electrifying good experience. It was unique that the staff could ask the Chairman of the Commission any question they wanted and receive an answer on the spot. I said this morning well maybe not any question.

Although the novelty has worn off a little bit because that was its first of its kind and then we have repeated it, the Commission has continued to practice because it has proven to be an important and effective tool for direct two-way communications between the Commission and agency employees. My fellow commissioners and I also hold open doors for your special concerns.

One of the most important lessons we have learned over the past decade is that effective internal agency communications are essential for improving our performance as a regulatory body. So I invite all of you to take advantage of the opportunity. This meeting is devised to express your interests or concerns in a manner that allows to try to dispel them if we can and try to answer your concerns.

We are not sure that we will always answer them, but we will try our very best to do that. Of course, I cannot promise that you will have the same ambiance of the first meeting, but we will try. It was a very interesting meeting this morning with very key-pointed questions. One of the things that happens that is probably no longer there is that my fellow Commissioners and I have been here for many of these meetings. Commissioner McGaffigan has been serving for 17 years now.

COMMISSIONER MCGAFFIGAN: Only 17.

CHAIRMAN DIAZ: You have come to know us hopefully quite well. We have also come to know you quite well. That fact, I hope, will further encourage you to take an active part in these sessions. We are, after all, known materials given our long continued association in the business of nuclear regulation and protection of the public health and

safety.

The second theme that this meeting brings to mind is also a favorite of mine. It's more safety focused, less prescriptive, more risk informed, and performance-based regulation. If that sounds like a mouth full, it is. It just so happens that Dr. Selin was also the Chairman who initiated the first concrete steps towards shifting the nuclear regulatory paradigm from the traditional prescriptive to a more risk-oriented approach to regulation by requesting the staff to prepare a report on exploring the possibilities of expanding the use of PRAs.

As one of the agency's strong advocates of risk-informed regulation throughout my tenure as a member of the Commission, I am pleased at the progress we have made. Yet I have always remained concerned that it has taken a lot of time to get there. We have been steadily pursuing this very basic objective for more than ten years, and we still have some way to go.

This suggests to me at least that despite the progress we have clearly made the nature of our business is complex and often driven by external events not subject to our control. It is important to move forward steadily, but occasionally we have to take big steps. It is incumbent on us to be vigilant, persistent, patient, and committed in our pursuit of our regulatory objectives as well as flexible and creative in responding to new challenges as they arise. I am both confident that we can do so and equally confident that we will have to do so.

One of the most important new challenges that the nation and the NRC face is public concern about homeland preparedness. By "homeland preparedness," I mean the integrated coordination of the resources of the nation to prevent, respond to, or mitigate emergencies that would threaten the public health and safety. This is especially

so for the NRC.

At the NRC, we have normally been referring to this issue as emergency preparedness for radiological protection. But present times are adding new dimensions not only to security but also to emergency preparedness. The Commission believes that rapidly developing accident scenarios in nuclear power plants, whatever the initiator, are covered by the extensive emergency preparedness plans which are in place.

The significant security improvements we have achieved, plant mitigation strategies, and emergency plans and off-site communications are all contributors to robust and enhanced protective measures for the public. Yet emergency preparedness must run deeper covering the spectrum of radiological risks to our nation. Homeland preparedness is a serious concern for the citizens of the United States. It is an issue that we are paying increasingly close attention to.

Finally, let me return to where I began my remarks with the importance of communications. The challenges posed by the regulatory reform and homeland preparedness have an important connection to the adequacy of our external communications efforts. We need to explain clearly and accurately what we are doing and why. But it also depends on improved communications which in my view rests on two basic supports: the need to communicate in clear, factual language without minimizing or exaggerating issues and the quality of our actions.

The actions of strong and active regulators carry a particularly strong message and can significantly enhance public confidence in the NRC. Of course, a prerequisite to improving our external communications is the ability to communicate effectively within the agency. We all have a role to play in this effort, and especially the Commission I believe.

As I stated earlier, this all employees meeting is part of the overall effort to improve our internal communications and eventually I hope our external communications as well. In keeping with that objective, we will now turn the meeting over to you so you may ask the questions. Before I do that, I want to ask my fellow commissioners whether they have any additional comments.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I don't have any comments other than to strongly encourage questions both from the audience either by standing up or by passing cards forward and from the regions through the card process or whatever process is used there. We really enjoy the give and take. We had a very good session this morning. We like pointed questions. I suppose if we don't get them we'll start asking each other the questions just to liven the place up.

CHAIRMAN DIAZ: That would not be a first.

COMMISSIONER MERRIFIELD: No it wouldn't. Mr. Chairman, I would like to repeat some comments that I made in the presentation this morning. I had the opportunity to participate along with a significant number of our staff here at headquarters and Regions III and IV in the recent TOPOFF II exercise. As you may have read in the paper or heard through the agency grapevine, that is an exercise to test our nation's emergency preparedness relative to acts of terrorism. It was a multi-agency task force including a number of members of the Cabinet.

As I led our agency's effort in that regard, I was very pleased and proud of what I thought was a terrific amount of work and really a meritorious effort on the part of our staff that showed what a good job that we can do. It demonstrated to me two principal issues: (1) the high caliber of the staff that we are blessed with at this agency and (2) the significant level of understanding and expertise and excellence we have in emergency

planning.

In both of those scores, our agency was well represented and really generated a significant amount of good will on the part of Secretary Ridge for our ability to manage these very difficult issues. So I wanted to make that note, Mr. Chairman, for my appreciation for all of those that participated in that effort.

CHAIRMAN DIAZ: Thank you, Commissioner Merrifield. Now, we open the floor to questions. I ditto Commissioner McGaffigan's request for you to put us to the test.

COMMISSIONER MCGAFFIGAN: They're also going to put us to the test as to whether we can ask each other questions.

CHAIRMAN DIAZ: All right. If not, Susan?

MS. SMITH: Mr. Chairman, what is the current thinking of the possibility of the use of dirty bombs? Is this something we should worry about?

CHAIRMAN DIAZ: I don't know what terrorists are thinking about using dirty bombs. But I can tell you that the United States government has significant concerns in this area. We're seeing that DOE is projecting quite well into the international arena regarding the global concern with RDDs.

We have essentially completed the first phase of our initiative in this area with DOE. We have actually concurred in a series of categories, issues, and actions that need to be taken. Those are being vented at the national level and hopefully will be also incorporated, although we are not sure in what final form, into the global efforts regarding RDDs.

The message however has gone out. We see it now more and more in the media that RDDs are not a weapon of mass destruction, that RDDs will not create significant or practically no casualties in the areas where they occur, that they could be, if

they are played up to be, a psychological weapon, and they could be an economic destruction weapons. Some of our concerns right now are going to the area of how do we reduce to practice the potential clean-up, the potential mitigation that we need to take in case any one of these issues take place.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I'll just add I think this is an area where our staff has shined over the past many months. It is a very complex area for NRC because we are one of many actors both here and in the international community. Yet we're taking an international leadership role. I'll just mention a couple of those things.

Together with the Department of Energy we have done a working group report. That report is on the DOE website minus a few things that we didn't necessarily think needed to be deleted but were deleted. It's a report that establishes what the radionuclides of concern are, what the thresholds for those radionuclides of concern are, and what the initial steps are that we have to take both here and at DOE to have better control over what we would call high-risk radioactive sources and radioactive materials. So that paper is a great paper.

Simultaneously, the staff worked in the IAEA context to ensure that what IAEA was up to was generally consistent with what we were trying to do. I think a factor of two or three on some of the numbers is what we consider generally consistent. I agree with that because all of these models are uncertain.

Simultaneously, we have done a very good job in the inter-agency process in educating other agencies about these devices. Mr. Beecher headed a communications working group that resulted in the one-page that we have on our webpage with regard to RDDs, a nascent fact sheet. As the Chairman said, these are not weapons of mass destruction. They are not even I don't believe weapons of mass disruption unless we allow

them to be.

There are some issues that we have to resolve that came up in TOPOFF II. I joined Commissioner Merrifield. I was not participating in TOPOFF II except outside the room. But a couple of our staffers went off to a meeting in Seattle on very short notice. They basically packed their bags and went out for the meeting - a meeting that EPA, by the way, would just as soon that we would not have been able to show up at. They did a bang up job once they got there.

The Democratic Mayor of Seattle - I do have to mention he's a Democrat because my two colleagues always wonder how many Democrats there are like me - who is married to an EPA staffer made some judgements that basically took our approach as opposed to the EPA approach which would aid and abet the terrorist in my view, but we won't get off onto that. Our staff won the debate. The Mayor of Seattle chose to try to put his city to work as opposed to pursuing an impossible clean up standard in the short-term.

So we have done a great job. We have a long way to go. We are not the dominant player, but we have a heck of a lot of credibility. The Chairman has spoken to the President's Science Advisor, senior people in the Department of Homeland Security, and Commissioner Merrifield has spoken to senior people in the Environmental Protection Agency who, by the way, don't necessarily share the views of the lowest levels of the agency. So there's a real opportunity to make progress. We've been at the forefront of it.

Going back to the original question though, I don't know. It's fair to say that the day that the Jose Padilla thing came down Attorney General Ashcroft was not well prepared for his press briefing in terms of some of the information he put out with regard to how much of a danger Jose Padilla was. Jose Padilla himself based on what we know today was not much of a danger.

Is there radioactive material out there that could be diverted? Yes. Are we doing everything we can to make sure that there are appropriate controls on that material? Yes. Are we going to do more? Yes. Is the international community going to do more? Yes. But I honestly don't think we ever know how big the threat is. My fear is that the threat has been exaggerated.

I mentioned this morning there's this fellow Daniel Hirsch with the Committee to Bridge the Gap out in Los Angeles who puts out a hell of a lot of bad information to compete with the good information we've been trying to put out on this subject. I better stop there because I probably said everything Commissioner Merrifield wanted to say, and I apologize.

CHAIRMAN DIAZ: I seriously doubt that.

COMMISSIONER MERRIFIELD: I'd be tempted to say no comment just to prove you wrong, but you are right. I'll try to be short. There's a success to be taken out of the experience with what we have tried to do with radiological dispersion devices. If you turn the clock back and you look at the perception that the media previously had about the dangers associated with these devices and what we knew were the actual dangers associated with use of these materials, there's a large disjunct.

In the last year, in part because of a significant amount of work on the part of our staff and others, there's a much closer alignment between the actual dangers of radiological dispersion devices and the way in which those dangers are being reported. That is in part because of a lot of work we had with our members of the federal family, and also I think the media has done some better homework on its part in terms of understanding what that's all about.

The lesson in that for us is we have continuing challenges between what we

recognize are the real dangers associated with terrorist attacks on nuclear power plants and the way in which those dangers are being reported in the media, including a significant story in today's USA Today. So we have more work to do in the area of communicating to the public about the actual dangers associated with our licensees, but hopefully the lessons we can take from the radiological dispersion device work will prove useful in that regard.

CHAIRMAN DIAZ: Thank you. Let me just make a final comment. I believe that the Commission has clearly indicated that we need to increase and strengthen our participation and contribution in this area across the board. One area that we want to do better is what I call incidental, or accident reduction, which is how you take an actual incident and reduce it to practical terms so we can deal with it. That's become an issue. It's an issue of implementation which takes us to the next level after the policy level. Next question.

MR. HECK: Good afternoon. There's a question from the regions. What are the important lessons learned from the Davis-Besse situation that need to be learned across the agency?

CHAIRMAN DIAZ: All right. What are the Davis-Besse lessons that need to be learned across the agency? Again, I'm going to say how much time do we have. Where is the task force report? Actually, they are so very pointed lessons from Davis-Besse. One key lesson is that we need to make sure that what we know is implemented in our processes. In other words, knowing about boric acid corrosion is good, but if it's not taken out to the inspector, that is not good enough. That's one clear lesson.

In the broader sense, the implementation of inspection and oversight by our people and the responsibility that the licensees need to actually discharge this

responsibility to the fullest including the corrective actions has been clearly shown not to have been done well in Davis-Besse. One of the commitments that is coming clearly from the task force report and the Commission is that we need to strengthen how we do oversight, how we do inspection, and how we follow through.

We need to strengthen how communications go from where the knowledge base is to where the inspectors are. There should be no gaps in those areas. That to me are some of the key lessons that we have learned across the board from Davis-Besse.

COMMISSIONER MCGAFFIGAN: I'll just mention one that is applicable outside of the reactor areas. That's a question I saw a senior manager ask recently according to Inside NRC, our source for all knowledge, at a public meeting. What do the French know that we don't know? I was glad to see that senior manager ask it. It was an entirely different context from Davis-Besse.

All of our regulatory programs have to constantly be benchmarking themselves against the best practices in other countries or at least understand them. They may not be best practices. They may be overdoing it in other countries. But we have to convince ourselves why they are overdoing it in another country.

They are doing something different. What do the French know that we don't know? What do the Germans know that we don't know? What do the Japanese know that we don't know? It's a very good question to be asking yourself and to have good answers to when its asked of you by your managers.

COMMISSIONER MERRIFIELD: I would underscore one of the things that Chairman Diaz said. That is an awful lot of the information we really had in front of us but we failed to connect it. We had an international experience. We had some research knowledge. We had a lot of the tools available to identify to us that there was a potential

for a problem with boric acid corrosion.

But we failed to integrate that in a way which would provide that information to the folks in the field who actually do the inspections. That is unfortunate. Among the many very good lessons in the Lessons Learned Task Force is recognizing that across the agency we have to do a better job of integrating and filtering and getting information to the people who need it.

CHAIRMAN DIAZ: All right. Come on, somebody get some courage and get up to a microphone.

COMMISSIONER MERRIFIELD: In the meantime, if we can get somebody to check the other microphone so it works.

CHAIRMAN DIAZ: Please go ahead.

AUDIENCE MEMBER: The current administration is very keen in aligning the private sector performance to the federal agency performance sector. They are initiating an issue, like they are delaying A-76 performance. How do you think generally the staff should be concerned about the A-76 and also how minorities should be concerned about the outward mobility in the place of delaying?

CHAIRMAN DIAZ: If I understand the question, you are concerned with the staffing and how do we provide outward mobility. Is that fundamentally it?

COMMISSIONER McGAFFIGAN: A-76.

CHAIRMAN DIAZ: Oh yeah. The question is, of course of great concern to all of us. The A-76 issue which is just beginning to appear we are looking at it as we were reminded this morning. The Agency has been in many ways as an independent agency exempted from a series of these issues. We actually do obtain waivers that allows us to do things in different ways.

However the issue of upward mobility which is one that has been here for as long as I can remember deals with what opportunities are in the Agency and how much the Agency is growing. What are the capabilities of having a flatter or a more vertical type of a structure. We keep struggling with the fact that the Agency has not been really increasing. Therefore there is a limited number of opportunities for talented people to move into positions that are in either management or policy or SES positions.

We were required to go to the 8 to 1 level that requires some reorganization. We have been actually trying to see how we can provide opportunities for those people that really we believe should be rewarded because of their work and their talent and their experience.

I don't think we have in the Agency the capabilities to respond to all that we would like to do with that. But I can assure you that we can continue to stress — I thought somebody was applauding but that was not it. So these issues are very difficult because we all would like to do more. In many ways, the Human Resource is always coming. We are always asking them what else can we do and many times our hands are tied. That doesn't mean that we don't want to do more but we are limited. If there are opportunities for growth and there may very well be I can assure you that I'll be very vigilant to make sure those opportunities are made to the people who have the right talents.

COMMISSIONER MERRIFIELD: Mr. Chairman, there is a specific issue as we talked about this morning relative to A-76. That is a requirement posed on us by the Office of Management and Budget by Executive Order I believe. Am I right on that? Yes? So that is one in which we are under obligation to follow. Absent changes made by Congress and there is some interest in doing that, we're going to have to follow along that line.

Now that having been said, there is a commitment within the Office of Administration that is fully endorsed by the Commission that we will make sure that anyone who is in a job who is affected by A-76 will be protected, i.e. they will remain here at the NRC and will remain part of our Federal family. So we may need to make some adjustments but we certainly are not going to be letting people go in that respect.

CHAIRMAN DIAZ: Thank you.

COMMISSIONER MCGAFFIGAN: I didn't totally hear the question but I think the heart of your question was this A-76 and other private sector type initiatives and will that affect upward mobility. I think those really don't. I'm not wild about A-76 but it's what we have and we have to pursue it. I'm not entirely sure we can protect everybody. We have a limited number of slots that we have to compete and hopefully our people can win the competition. Pat, are we committed to protecting everybody in A-76 who are in.

COMMISSIONER MERRIFIELD: Why don't you let Pat answer that one?

COMMISSIONER MCGAFFIGAN: Nobody's affected who's in a job that has to be held by government employees. It's those limited number of jobs, a few hundred in the Agency, that are affected by potential for A-76. Is that correct?

MS. NORRY: Those are the ones that are defined as commercial positions.

COMMISSIONER MCGAFFIGAN: Commercial positions.

MS. NORRY: However the protection that's being referred to is that we've made a commitment that even in a case where the government unit were to lose a competition, we will make sure that the employees involved still have a job with the Agency. It may be a different job. There may be some retraining and so forth but they won't be out in the street.

COMMISSIONER MCGAFFIGAN: I'm glad we can make that commitment.

I'm glad that the Chairman said it this morning. I wanted to be absolutely sure of it because that's a very important commitment. I think it's one that we can make more easily at the moment because we're a growing agency. Our Yucca Mountain and Homeland Security and other requirements that we have some place for these folks to go even if they should lose the competition.

CHAIRMAN DIAZ: And that is a significant part of the answer. I try to focus on upward mobility because that's what I thought was — But fundamentally there is a commitment and nobody will lose his job because of this. That's the commitment of the Agency.

COMMISSIONER MCGAFFIGAN: I see Dale Yielding nodding his head and taking us to the bank.

CHAIRMAN DIAZ: All right. Next one.

MS. SMITH: Here's a question from headquarters. The NRC budget has remained level over the last few years. During that time, the Agency has taken on several significant activities such as license renewal and new reactor licensing. How will the NRC maintain its present level of oversight and regulation of operating reactors in response to requests from applicants for new licenses and renewed licenses?

CHAIRMAN DIAZ: Commissioner McGaffigan was mentioning that the budget is not level because in many areas it has increased. Fundamentally what we have done is we have learned to do things better. I think that's what it boils down to. In the areas of license renewal, we have learned with every application to do things better. So we are avoiding spending resources that are not necessary.

In all these areas in which we really have a major commitment to serve the nation like license renewal, power uprates, all of the licensing, there were significant --

many years ago and the Agency responded extremely effectively in addressing what personnel and what resources were going to be dedicated to what issues, a massive management issue. I'm very proud of the way we responded to it.

We do grow. We have some budgets growth which are mandated. They are coming because of the salary increases. We have actually many increases in the areas like the area of Homeland Security. There are increases in different parts of the budget. However, overall in constant dollars, we just have been able to do a better job of addressing those issues.

We keep looking at efficiencies on these areas. But I do believe we are getting to the point where efficiencies are coming harder to get. If the responsibilities increase, we will need to take that into account as we look at the new budgets which are just about ready to do right now.

COMMISSIONER MCGAFFIGAN: I'll just expand on the point that I made to Chairman Diaz. Our budget has not been flat the last couple of years. It was on a downward trend in real terms during my early years here in the Commission. But that trend turned around even before the events of September 11th. Almost of our funds for Homeland Security are increments to the budget and we're now in the \$40 million a year or so range compared to maybe \$3 million or \$4 million prior to September 11th.

We have successfully gotten significant increments in our budgets for advanced reactors. We have gotten significant increments in our budget for license renewal. We will be requesting significant increments in our budget for Yucca Mountain as we face the prospective of a license application in December 2004.

That doesn't mean that I don't entirely agree with Chairman Diaz that we also have learned to do things better. My recollection is the budget for license renewal in the

coming fiscal year is something in the order of 100 FTE and \$5 million or \$6 million of contractor resources. It would have been a lot more if we applied the work rate that was required for the initial application at Calvert Cliffs.

So we've learned efficiencies but we've not been bashful about asking for additional resources when we have very significant additional tasks and we've been successful. We will not be bashful in continuing to look to you to make the best possible use of the limited resources that we get so that way we can honestly tell Congress that we've gotten all the efficiencies or vast preponderance of the efficiencies we think we can get before we ask for additional dollars.

COMMISSIONER MERRIFIELD: I think it's noteworthy that Congress is giving us the money that we asked for. That is not something that every department in the Agency can say. One of the things I think this Commission has done rather effectively through the staff is manage the dollars that we have to use the Government Performance and Results Act to use the PBPM process to align the efforts that we need to use to protect public health and safety with the resources necessarily to accomplish that goal.

Now there are many things that come on and off of our plates, new reactor orders, Yucca Mountain, security, some of which have changed a little bit from where they were when I first came on board the Commission. But what remains at the heart of what we do is the inspection process that we use to ensure that the licensees that we regulate right now in front of us are overseen in a manner in which we can demonstrate that we believe we are protecting public health and safety.

At the heart of the work we do, the resources to accomplish that very heart of the work that we do down the line and I think the Commission is committed to making sure that we have the resources. Our issues that we have to deal with will be effectively we

hope managed through the PBPM process. But Congress is giving us the money that we're asking for. That's a noteworthy take-away.

CHAIRMAN DIAZ: Somebody from my left side and it's your right side. If not, Regions, Jim.

MR. HECK: I have two questions that are related to each other, one from headquarters and one from the regions. Please comment on the regional offices' consolidation and in particular whether the program management of the decommissioning work should be a headquarters' function. From the region, beyond the current plan to move the materials, licensing and inspection work from Region 1 to Region 2, what other consolidation activities are envisioned over the next few years?

CHAIRMAN DIAZ: Let me answer the last question first. We don't envision presently any other significant or even the ones that we did consolidation activities within the regions. In fact, I believe on my desk right now and ready to come out of my desk is a response from the Commission to Congress that asks us the question "What else can you do with regional consolidation". "Can you consolidate the regions and will that be appropriate?"

And the answer of the Commission is no. We have done some consolidation of functions that were appropriate. We do not believe that any additional consolidation is warranted at the time because we need to perform a series of functions quite well. We don't see it in the present time and scenarios that that would be appropriate.

So the answer is no. No additional consolidation that is being considered or is in the books or even in the imagination of anybody that I know right now. That doesn't mean that the question will not be asked again. It's been asked for several years. It might

be asked again. I think we have been proactive in trying to address the effectiveness that could be done but no additional consolidation at the present time.

COMMISSIONER MCGAFFIGAN: I'll take a crack at what I understood the first part of the question which was "Should project management of decommissioning work shift from headquarters to the regions". I think that was the question. I think that at first blush there's a good reason for a lot of that work being done here.

There are some efficiencies in having that work here. Whether it's West Valley or other sites, these complex sites require people who have some real experience with complex sites. I'm not sure whether we would get that experience if we decentralized to the regions.

We have some particular problems sometimes with some of our sister agencies and it's good to have headquarter folks involved. So I'm not uncomfortable with where we are today. I suppose if the regions could make a compelling case for why more of the work needs to go out to the regions we could listen to it.

I will mention the anecdote I mentioned this morning that you all should be happy to hear in the regions that the NEI annual fee letter did not mention getting rid of the regions this year. I have it on the authority of a fairly senior NEI official who I asked "Why wasn't it in the letter this year since it's seems to have been there eternally." He said "Well, Ralph Beetle retired." I think we're going to get a little less pressure to get rid of regions.

I've never found a licensee who actually shared the view of NEI corporate about the value of getting rid of the regions but there may be somebody because the NEI Board let NEI send that letter for many years that had this canonical paragraph about getting rid of regions. I think the heats off a little bit.

COMMISSIONER MERRIFIELD: Every year we get a question about the

regions and it gives us an opportunity to reflect on how much we value them. I'm not going to say anything differently than I said the last four or so meetings of these that I've been to. Regions are valuable. They are an important resources for the Agency. They fulfill a very vital role in maintaining health and safety.

On the issue of decommissioning, I have had an opportunity recently to go out and see a few sites that are currently in this process, Rancho Seco, Maine Yankee and the Hematite facility being among those. My own personal sense is that the process that we have right now is working pretty well. It would be a little bit more of burden to demonstrate to me why we need to fix something at this point that seems to be working well.

CHAIRMAN DIAZ: All right. Any microphone addicts out there that would like to grab the microphone.

COMMISSIONER MCGAFFIGAN: You get a Special Act award. I'm not telling you how much if you actually come to the microphone.

CHAIRMAN DIAZ: If not —

MS. SMITH: Do I get one too?

CHAIRMAN DIAZ: Yes. There are lollipops in there.

COMMISSIONER MCGAFFIGAN: I didn't say what it was.

MS. SMITH: Question from headquarters. What will be done in the coming months to promote Agency cohesiveness and further the cause of one NRC rather than distinct program offices with their own subcultures, very different procedures and sometimes redundant IT systems?

COMMISSIONER MERRIFIELD: That's a great question.

CHAIRMAN DIAZ: That is a great question. Let me answer this a little bit

backwards. I am a great believer in diversity, not only cultural diversity or personal diversity but I believe that diversity brings some extraordinary strength to any organization. Cohesiveness is good. Homogeneity might not be. In homogeneity, there is practically very few - in fact I can't of anything in nature that is homogenous that works well.

So increasing cohesion between the offices is an excellent issue that I'm sure our managers are working very well. If Bill wants to answer that, I'll be happy to let him grab the microphone. But I think that we need to be concerned of how we interact. These interactions of cohesiveness always go to interfaces.

More of the issues are the interfaces between offices and programs and how they go up and down than anything else. The recognition of the importance of those interfaces and how we go across them is a very fundamental issue to the Agency. It's one that I'm sure our senior managers are continuously working because the Commission is always asking them how they work up and down.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I'll give you one example of where I think there's been great success already in getting some very significant cohesiveness in one NRC approach and that's in the International Programs area. I really think that today we're a model for how connected we are to the staff involved in International Programs. That's a far cry from when all of us old-timers showed up at this place. I know Janice Dunn-Lee is justly proud because other nations are coming to her now asking her "Well, how does your International Council work and what does a JDL gram look like?" "How did you ever get a standard format for Trip reports?" We recognize the need for cohesiveness.

I thought the Chairman did just an absolutely great job of talking about the need for diversity because if we're never going to have a one size fits all approach to

anything. If we ever do, we will not be an excellent agency.

CHAIRMAN DIAZ: And if not, look at this table. They are very diverse.

COMMISSIONER MERRIFIELD: If you think about this philosophically, it's a very interesting question and one that's somewhat difficult to answer because the ways you could potentially answer it. I agree with the Chairman. We do benefit in diversity in a myriad ways that's engendered in our Agency whether it is the personal backgrounds of the individual members of the Agency, whether people are in specific offices or whether people are in the regions versus being in headquarters.

One of the things I found for example as I traveled out to some of the regions is that the diversity allows some degree of innovation. There are some ideas that are engendered out in the regions that are very positive and they can be applied to the Agency as a whole. So stifling that sense of differentness is a problem. So I agree with the Chairman on the degree of homogeneity.

At the end of the day, however, I think it is important for us as Commissioners and for senior management to recognize that we are in fact one agency. When the three of us and Commissioner Dicus as well and our former Chairman Meserve went to Capitol Hill the statements that you heard from us certainly engendered that feeling. We don't talk about one office versus another office. We talk about the Agency as a whole.

That's really the way I think I and I'm certain my fellow members feel about the work that we do. Differences are very positive but at the end of the day we all serve a common mission. That mission is protecting public health and safety. That is ultimately what unites us all in our mission.

COMMISSIONER MCGAFFIGAN: I might just add. The thing that distinguishes this Agency in policy space is we have a very high degree of cohesiveness.

If you compare it to some of our sister agencies, one with three letters, EPA, which believes in let a thousand flowers bloom approach and let every regional administrator be a power unto his own, Ellis and some of his former colleagues might have liked the EPA approach but that has never been the approach of this Agency. I think we do a very good job of cohesiveness whether it's a decommissioning site. That case isn't a good one because we handle it in headquarters. But whether it's a reactor inspection in Region 1 or Region 4, nowadays they're carried out very similarly. Whether it's an issue that arises as to whether some relief needs to be given, I think the decisions are the same in the regions to a very high approximation.

CHAIRMAN DIAZ: I really believe that the best answer is what you just saw, diversity and cohesiveness in action. There's no better way of doing it. It was not words but it was a way of doing it. I would like to share the heat because it shouldn't be just the Commission. I think this is a very good question and I would like Bill Travers to grab a microphone and give us his perspective.

MR. TRAVERS: I'll put my glasses on so I can see everybody. I first of all endorse everything that I've just heard. I just had a couple of additional thoughts. One of the things that we've all been emphasizing of late is this issue of communications, starting from the top and working itself within the staff. While I think we have additional work to do in this area, I think we've been doing a much better job of it. This is a tool really that lends itself to the cohesiveness that the Commission is looking for and the staff is certainly looking for.

A couple of other quick things. Strategic Plan. The Commission is working on it now. They are going to be giving us shortly their sense of how our Strategic Plan should look from the top. This is another tool really that we can use and emphasizing within

the staff the vision of the Commission and using it as a tool throughout the staff.

Last thing that I think of when I think of cohesiveness and cross fertilization of the staff is the opportunities that I've seen in the last few years of people moving within and without different organizations of NRC, rotational assignments, cross work assignments among offices, management changes. These are all things that I think add some value and some cohesiveness to the approach that we've taken.

I said last thing but I'm going to tell you the very last thing which is the results that I see in this Agency. Even with recognized need for some improvements as evidenced by the IG safety culture study, what I see in this Agency is a cohesive set of employees focused on our mission of public health and safety. I don't think there's any question about that. How you do it most optimally? Certainly there are strategies that we can perhaps work on and do. But we do in the most fundamental way in my sense of thinking have a very cohesive staff who are focused on the right thing.

CHAIRMAN DIAZ: Thank you, Bill. I should have called on you earlier. It would have eased my job quite a bit. Let's see. Again one more time. Everybody on the left is very quiet. You're the ones who do not get raises. Is that it?

COMMISSIONER MCGAFFIGAN: I see a lot of your staff over there.

CHAIRMAN DIAZ: Move quickly. All right. Next question please.

MR. HECK: Headquarters' question. What do you see as the most significant challenges on Yucca Mountain in the prelicensing and licensing?

CHAIRMAN DIAZ: Yucca Mountain is misnamed. It should be called Challenge Mountain. It's really a very large challenge. I always like to separate these issues because I think they might tend to be confused at times. We have as a regulatory agency that could get an application a year and a half from now the issue of managing the

technical issues. That there is absolutely no excuse of not doing it very well because those are very much, not completely, but very much in our control. We need to control the technical issues that are going to be appearing and facing off with these issues as far as the programmatic and technical issues of Yucca Mountain.

There is an issue which is probably larger and maybe more time consuming because of the sheer volume of documents which is the legal processes, the adjudication that is going to take place which has really already started. Every time we turn around we're being sued. I don't know where Karen Cyr is but she smiles every time she gets sued. I don't why but it's a relief.

COMMISSIONER MCGAFFIGAN: Work for lawyers.

CHAIRMAN DIAZ: The last issue requires us to come up with a really unique system of handling not only documents but the way the documents are circulated, to where access to the documents is, the way that we process them and that is a tremendous issue. We are now with the news that the number of documents have increase forty fold. That increases the load that we will have to take in putting those documents into the LSN.

The disposition of these documents becomes a major issue. How they actually will go into the legal proceedings. We are working hard on it. Of course we talked to DOE and we still can talk to DOE although some people would like us not to talk to DOE regarding how can these issues be facilitated and how can we get better at trying to manage the technical and the legal work that is just coming right down the pipeline.

COMMISSIONER MCGAFFIGAN: I'll only add - and this is a question that we got almost identical this morning so I won't go on as long - that there is a very good document that we've just received in the last week on where we stand on the 293 key technical issues. I think it lays out in terms of the risk significance of the issues and the

staff intensity of the work on the issues, what's going to need to be done on these issues prior to license application and the challenges there. There are significant challenges.

We obviously have a significant challenge, not on our part but on DOE's part, in the quality assurance area. Our part is to continue to stress the issue to them as we've done for a while and hope that Margaret Chu and her staff are up to resolving the issue before the license application.

Then as Chairman Diaz says, we are already anticipating the licensing phase. My colleague on the left from the Republican Party and from the law community was careful to say that maybe it isn't the largest administrative proceeding in the history of mankind because there may always be one that comes along or is already there that's larger.

But 44 million pages of documents in the LSN from DOE alone makes it a pretty large proceeding. We're going to be at the forefront. I think our electronic hearing room and the LSN supporting discovery are the absolute forefront of what's happening in the legal system nowadays in trying to manage a proceeding that that's large.

We have an almost impossible deadline given our past practice of trying to get this proceeding done in three to four years. That's going to require just an enormous amount of discipline. We'll have multiple boards. The challenge of getting that proceeding finished in anything like the amount of time that Congress has legislated is just an enormous one and I'm not quite sure in all honesty that we're up to it. I'm pretty darn sure in about two years — next year we'll still be able to take questions on this subject but if the DOE application comes, you're going to be looking at the appeals court and we'll probably be behind walls and not be able to talk to you very much about Yucca Mountain.

So we have a limited time to try to fix what needs to be fixed. I personally

also worry. There's a lot of talk about Yucca Mountain opening in 2010. I don't know how it's done because we start a proceeding in December 2004. It will optimistically three years to do it. That provides a construction authorization. Then we're under the old process. We're under the old reactor process where they get to construct and then come in for a license to receive it in place which sets off a new adjudicatory hearing.

A senior NEI official said to me that he recognizes that it's going to be 2016 or 2017 before waste is actually in place at Yucca Mountain just given the fact that you have two major trials that have to be gone through and some construction before we get to that point. It's just an enormous task.

CHAIRMAN DIAZ: The dates are Commissioner McGaffigan's own estimates.

COMMISSIONER MCGAFFIGAN: Yes.

COMMISSIONER MERRIFIELD: There are some things in the Yucca Mountain proceeding that are within our control and there are some things that are not. Clearly however you cast it, it's going to be an enormous task for all of us.

In terms of things that we don't have control over, obviously we don't have control over money and the amount of dollars that Congress is going to appropriate for our efforts. We also don't have control over how and when we receive some of those documents be it from DOE or otherwise. We'll be waiting for the parties to act accordingly.

We do have control over people and we have control over our processes. This Commission has demonstrated its willingness to look at those in a disciplined manner and make sure that we have sufficient management to appropriately align them. Whether it is looking at the licensing basis, whether it is regulatory overview or whether it is through a review through our licensing boards, I think there is a commitment on the part of the

Commission to do everything within our control to make the Yucca Mountain process disciplined, timely and fair. That's all that can be expected of us.

CHAIRMAN DIAZ: All right. Any takers on the left? Is that the Democratic Party?

COMMISSIONER MCGAFFIGAN: They're on the right actually from their perspective.

CHAIRMAN DIAZ: It depends on the way you look at it.

COMMISSIONER MCGAFFIGAN: I haven't heard anything from this side either.

CHAIRMAN DIAZ: At least one.

COMMISSIONER MCGAFFIGAN: She had a second.

CHAIRMAN DIAZ: Oh, yes.

AUDIENCE MEMBER: To pick up on your Yucca Mountain theme, as you know over the last few years we've greatly expanded our efforts at public outreach in an effort to inspire and maintain public confidence in NRC's role in judging the safety of a potential repository. If we do get a license application for Yucca Mountain, how does the Commission view those activities? Do you expect them to change or do you expect them to continue or perhaps increase once we receive a license application and during the hearing process? Thank you.

CHAIRMAN DIAZ: Thank you. The issue of public outreach, public communication, public affairs, how we interface with the public and the stakeholders is a major issue. I actually have from the very first day that I came into this Agency the distinct opinion that we needed to be more aggressive in the way we communicate, that we needed to be more up front, clear, that we didn't have to wait for issues to develop.

What we've been trying to do with Yucca Mountain and the public outreach program is make sure that people understand that we work for them. That's an important credibility issue. We work for the people of this country and especially for the people of Nevada because those are the ones that are most affected.

Across the board, I firmly believe that the Agency needs to rethink what do we do regarding public communications, public outreach, public affairs. I don't think it is just something that we should do to explain an event or a fact. I think we have the obligation to tell the American people what do we do for them. What are our programs? What are the source of our programs? How are we addresses their concerns?

This is something that goes across not Yucca Mountain but across the board. Something that we intend to do better. I am sure my fellow Commissioners agree that this is a major issue. I assure you that we're taking a real deep look at it presently and in the near future.

COMMISSIONER MERRIFIELD: I heartily agree with the comments of the Chairman as it relates specifically to the issue of Yucca Mountain. This is obviously an area of significant contention and concern particularly by the State of Nevada. In the area of communicating what we are doing as an agency, this is one - and I'm putting on my lawyer hat now -where I think we're going to have to be especially careful in terms of what we say and how we say it lest those things get brought in to the proceeding itself.

We would not want our activities and our attempts to explain what we are doing thrown into further complication what will be a very difficult proceeding to begin with. So I would caution not to take away what we're doing so far. I think the staff has to be commended. I know you in particular have been doing significant efforts to try to communicate and be open and be honest and be straightforward and to be clear with all

the parties what we're trying to do. But that is a area where we're going to have to tread very carefully in the future when it gets to that time.

COMMISSIONER MCGAFFIGAN: Commissioner Merrifield this time stole exactly what I was going to say. I was going practice law without a license. When you are in a proceeding, I think there are constraints particularly for the issues that the contentions have been identified. I expect that the State of Nevada has already identified a fair number of contentions that they will pursue. Now is the time to try to tell folks about our process, but once you're in the process, there are constraints that need to be respected and you're going to need to counsel and to listen to counsel a heck of a lot to guide you through that.

COMMISSIONER MERRIFIELD: But having been said and not to belabor the question, there is nothing wrong with generic communications saying that our primary mission is protecting public health and safety. We're going to be disciplined in the process that we use to analyze this application. We're going to give it a fair hearing.

We're not going to predecision where we're going to go with Yucca Mountain. We may approve it or we may disapprove it. We're going to be fair to the American people and we're going to be fair to the people in Nevada in that review because our role is to protect the American people. Our role isn't to protect the nuclear industry nor is it the role to protect the particular interest groups.

Those are messages I think are perfectly valid for us to give. We just need to be careful in terms of the degree of specificity when it comes to how we're going to do our review and the elements we might be considering.

COMMISSIONER MCGAFFIGAN: Although the Yucca Mountain review plan lays out exactly the process we're going to follow and the people have had a chance to comment on revision 2 of it. In the licensing process, we'll have numerous meetings with

the potential licensee to go through the paperwork. All of those will continue to be in public and to be in a disciplined way just as you would developing or working on any license amendments or license applications.

We're still going to be a very transparent open book but I think there will be some constraints on some communications during that period which are some of the nice-to-do things where a possible incoherent message could creep in.

CHAIRMAN DIAZ: All right. Now I want a round of applause for the left side.

(Applause.)

AUDIENCE MEMBER: That last question related to one I submitted in writing but I want to modify it a little bit. That is that the Commission has indicated that the public confidence is a very important thing. It's something that the Agency wants to enhance right now. What I'd like to know is what's the Commission's impression of the public's impression of the NRC. What do you think they think about us? What are you doing about it? And what should we do about it as the staff?

CHAIRMAN DIAZ: That's a fascinating question because if you read the press, you would think that the people think that we're not doing a good job. I don't think that's the case. There is a significant gap between the real public perception and the portrayal of the public perception.

I'm not sure that we have done as a good a job as we should have of explaining what we do to the American people. I am convinced that we have not. I think we have been hampered by this idea that if we say that something is good that we're going to be qualified as proponent of nuclear power.

I disagree with that completely. We need to be able to say what is good as well as what is bad. We jump on any issue very quickly to make sure that everybody knows

that we are critical of what is wrong but we don't do a good job of saying this is what we have done. This is what has taken place. This is our actual resource.

We send a report to Congress every year of our abnormal occurrences. It gets very little publicity because we never really come up and say "This is how this sector works or not." I'm not so sure that we want to go into a real public communication barrage and say "We are great." But I think we have the obligation to tell them the things that we do right and the things that do come out right from our licensees. It is in that separation that we need to maintain clearly in front of our eyes but not inhibit us in doing what I believe is correct.

Again in a reasonable period of time, the Commission will be addressing how we want to deal with those issues. I mean reasonably short. We are talking about it. We are looking at it. It is in the immediate future.

COMMISSIONER MCGAFFIGAN: It's a tough question in the sense or I'll parse it. It depends who the public is. Most of the public don't know we exist. We have to start with that. Most of the public is very ill informed about almost every element of public policy and not just here but overseas.

There was a recent poll in France about which contributes more to global warming, coal or nuclear. A majority of the nation that's most dependent on electricity on the face of the earth the majority of that polled group thought that nuclear contributed more to global warming than coal.

We do things with some publics well. We earlier talked about budgets. Congress has been giving us our budget the last several years. We had a hiccup in the summer of 1998 when a Congressional staffer famously told Dennis Rathbun and me that how deep was the cut going to be ask and he said "Deep enough for you all to worry about

paying your mortgages." That's behind us.

The Congress really has a great deal of confidence in us at the current time. That's a very important public. We have sought that confidence through a mechanism that they created. They created in the summer of 1998 the monthly report. We tell them every month what our successes are and what our problems are. We report to them on the items that they find of interest. They tend to every year add an item or two that they want to hear about. We've given them that information. We do very well with that public.

We do not at all well with the so-called fourth estate, with the media. I'm a Democrat so I'll say some things maybe my colleagues would be reluctant to say. Hillary Clinton talks about the great right wing conspiracy. I was watching CNN the other night. She said "It really isn't a conspiracy because it's out in public."

There is a very strong anti-nuclear bias which is maybe a left bias or whatever in the media. I don't know how to fix it. We talked this morning about the CBS Early Morning Show where Charles Osgood is one of the people who really tries to do a fair job. I'll stop here all but a very short period of what Commissioner Merrifield did with them ends up on the cutting room floor and the same with others.

They went into that with a bias. They adopted the anti-nuclear group's vocabulary, hot zones and pictures of New York City where New York City is involved. These are absolutely incredible events. We have other folks who go around talking about the effects of radiation. They say things that are absolutely and totally outrageous.

But the media tends to believe that truth is somewhere in between. Daniel Hirsch says such and such. The Nuclear Regulatory Commission says such and such different. Truth must be somewhere in between and they'll play the story that way. The fact of the matter is truth is where we are.

I don't know whether we're ever going to win it because you're subject to the individual biases to media. I turn out to be the New York Post's favorite Democrat and they tend to like to quote me on Indian Point and whatever. I'm not sure they even know I'm a Democrat although maybe they do. I think they did. When quoting me recently, they said "This Democratic Commissioner" because I fit their biases. That is one of the times the New York Post is right.

I don't know how you win that. The vast preponderance of the public doesn't know we exist. They absolutely don't know we exist except when there's a problem. We can do things better. We get a lot of credit when we send our resident inspectors to Rotary Club meetings and let them be interviewed by the local media because that says there's somebody from this agency who's there, who lives among them and who worries about safety every day.

It's the message the Chairman was talking about, Commissioner Merrifield was talking about. We are professionals. We care about safety. We are not owned lock, stock and barrel by NEI and the nuclear industry, neither I nor you. But there is a group of people who wake up every morning and who will tell the media with every breath that they have that story that I am owned by the nuclear industry even though I've never worked in it and never intend to work in it. That you're owned by the nuclear industry. That you're owned by the nuclear industry.

It's just an outrageous thing. It's an attack on our integrity as civil servants. I hate it but I can't fix it except to attack it when I see it's wrong. But in general like I say it comes down to who the public is. The vast majority of the public will never know we exist unless we have a problem. The anti-nuclear zealots will never give us any credit however much we do.

Important publics like the Congress seem to on balance think we're doing a pretty darn good job and that's the place perhaps because I come out of it that I regard as perhaps the most important public and representative of all those people who don't know about us. We have a representative democracy. Those people on balance, not all of them, think pretty damn highly of us and I'm proud of that.

COMMISSIONER MERRIFIELD: I sometimes like to refer to us as the Maytag repairmen of Federal agencies. We do real well when called on but we try to keep to our own business. Part of that is reflective of the way in which this Agency was born when we were split off from the Atomic Energy Commission.

The notion was that we would not be promotional. The intention of that was that we would not promote nuclear power. To a certain extent, that has been carried over into a degree that we will not promote ourselves. I don't think that's what Congress ever intended and I don't think that view has been in the best interest of this Agency.

That unfortunate consequence however is mirrored by some of the issues that Commissioner McGaffigan had spoken of. I had the opportunity last week to participate in a CBS interview. The Chairman was out of town and had asked me to appear on the interview by members of the CBS Sunday Morning program, the Charles Osgood program. As part of that effort, we had a camera crew that came to my office, set up camera and they proceeded to prepare and ask me about 45 minutes worth of questions.

For those of you who actually had a chance to see the broadcast, about 15 seconds of what I said during those 45 minutes was shown. Some individual or individuals who sat in a dark editing room in a TV studio significantly edited what I had to say. It was very clear looking at that program and even to a limited extent when we first met with the

editor of that program and the reporter that they had based their story on significant interactions with Riverkeeper and with other individuals who believed that Indian Point should be shut down.

It resulted in what I think is an unfair, unbalanced, and as Commissioner McGaffigan points out, highly inaccurate program. The nomenclature that they used was nomenclature that was derived by Riverkeeper in this issue of there being a hot zone around nuclear power plants in a 10 mile EPZ. That is falsehood created by a Madison Avenue advertising agency.

But that's where we are. What we need to do as an agency and Chairman Diaz has engendered an active conversation among the Commission about how we might improve the way we go about doing business. Clearly it's a desire as you can see today on the part of this Commission to better articulate our efforts in our achievement of protecting public health and safety in the United States, an achievement that is not reflected in the reports that are coming out in the media.

We need to think creatively how we as Commissioners and our staff can put ourselves into a media that would be unedited where in an unfiltered way we can reach out to the public to explain who we are, what we are doing and how we are adequately and appropriately accomplishing our mission of protecting public health and safety. That's the rationale that we have to use in moving forward. It is a long hill that we have to climb in that regard but one that we must climb in order to continue to maintain our credibility.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I might just add one thing. This Osgood show on Sunday morning really did think it was being unbiased. It shows you the bias but they interviewed one guy from the local community who dismissed the woman who is all worried about her children and herself. They did interview Jeff Merrifield. They

did interview the licensee. But in the end, they adopted what we think is a pretty biased reporting.

I give them credit. Those of you who saw yesterday or the day before's press clips. There is a muckraking journal that misspelled my name and described my career without ever talking to me. I probably have served Presidents, Democratic and Republican, for more than a quarter century since President Ford. I served in the Reagan White House and was very proud of serving in the Reagan White House. I'm one of those Democrats who voted for Ronald Reagan twice. I've voted Democratic a lot of the time too in all recent elections since 1988. Put an X mark next to that.

I didn't know that I was selling nuclear reactors for President Reagan to client states. It's a pretty amazing thing that actions are attributed to me simply because I disagree with these folks on a policy matter. I'm right and they're wrong. So what they're going to do now is try to besmirch my character with their narrow group of people. The wacko environmentalists are more than happy -- I'm a Clinton Democrat. Clinton twice appointed me and so I must be from the "electable wing" as Senator Graham of Florida puts it of the Democratic Party.

I simply disagree with these people. They are wrong technically. I will debate them anywhere. I volunteered to go on "The Road Show" with responsible folks. I'm not sure I would go on "The Road Show" with these folks but Dave Lochbaum and I would be happy to debate him around the country on any issue he wanted to debate on.

The Osgood show on Sunday is responsible journalism compared to a lot of the journalism that is practiced in this country today. There is no check and there shouldn't be a check. It's the free debate of a democratic society. Those of us who engage in public debate have to get ready for this thing. I actually like it to some degree. I wish they would

spell my name right. It means I'm getting under their skin. I love to get under people's skins.

COMMISSIONER MERRIFIELD: Unfortunately, and this comes with the territory of political appointees, one of the things that happens when people can't attack you on your policies, they attack on your personality. That's the very same thing that we're seeing related to the characterization this Agency is being in bed with the industry. When they can't attack the policies that they're doing, they try to tar us with a very broad negative brush. We're going to have to make sure we appropriately push back on inaccurate falses.

I wouldn't make a clarification just so there's no degree of ambiguity relative to what Commissioner McGaffigan said although he wisely appointed me to my first term on the Commission. I would in no way refer to myself as a Clinton Republican. Just so there's no ambiguity there.

CHAIRMAN DIAZ: I refuse to get involved in that discussion. All right. One more question because we are getting to the hour. So you have an important question, please.

MS. SMITH: We now have four years experience with the revised reactor oversight process. How satisfied are you with the overall program? How satisfied are you with the sufficiency given the considerable length of time to determine non-green findings?

CHAIRMAN DIAZ: We believe that the oversight program has worked to the very best advantage of the mission of this Agency. We have an effective program that is systematically focusing on things that are more important to safety. It's not perfect. There's no program that we will ever do that is perfect. We could aspire to be better but we cannot aspire to be perfect.

The program I believe has brought a rationality to the way we do things in

oversight space which is what was needed. It decreased the bias. It is increasingly becoming more quantitative if we could call that. We do have problems with significant determination process and how the findings go from color to color. I think that the staff is aware that the Commission is very concerned with the issue and actually working through it.

I believe that it's a program that will be changed over and over again. Every time it changes, it gets better. We can always say it's not going to be there. What we need to do is make sure that all cross cutting issues are done well.

I don't think there is a substitute for a robust, strong corrective action program. It needs to interact with our oversight program. We need to do better with the timeliness and some of the termination of colors and significant determination processes. But overall I think we are going the right way.

COMMISSIONER MCGAFFIGAN: I second what the Chairman said, all of it. The revised oversight process is very much a work in progress, is very far from perfection but it is very much better than what preceded it. What preceded it, the old SALP process combined with senior managers getting together, if you recall that, that's when we all arrived here. That was the process we had. It was just not a process that led to consistent results. It was not a process that was transparent enough.

Licensees today put themselves in column four of the action matrix. We don't. There can be some argument about whether an inspection finding should be some color. But it doesn't take reds to get you into column four of the action matrix. It takes just enough other things although red will do it too.

The non-green findings, it's one of my pet issues. I actually don't know that we can get perfect timeliness there. When you're into a potential red finding as we were at

Davis-Besse, it's going to take awhile to sort things out.

I'm not as hung up about timeliness as I am about overcalls. If we announce something's red and it turns out to green, there are all sorts of people who are concerned. I'm concerned about both but I think we have the overcall issue under control partly because we've been taking the time to get the first call reasonably right. We're doing that for these potentially risk significant findings using Phase III of the SDP process to get it right.

One of my big concerns with the current process is whether we've normalized across the different cornerstones. Whether a green or a yellow in mitigating systems means the same as in emergency planning or in one of the other areas. We have a way to go there.

We've just sent the staff an SRM about other ways that may be appropriate to improve the process whether we have the right threshold for when something moves into another column in the action matrix. It's a work in progress. It's going to be a work in progress for as long as it exists to pick up on a theme that Commissioner Merrifield mentioned this morning. You can't stand on your laurels but it is an enormous improvement over where this Agency's oversight process stood when we all arrived at the Agency.

COMMISSIONER MERRIFIELD: Try to put this succinctly, am I satisfied that this is a very good process? I think the answer to that is yes. Is it better than its predecessor, the SALP program? The answer is yes. Is it perfect? No. Am I satisfied with the timeliness of the significance to termination process? No. Can we do a better job of it? Yes. Are we committed to improving the program? Yes. Will we make it better? Absolutely. I think this is a program that we're committed to and we can do better but it's very effective in the way it's being implemented right now.

CHAIRMAN DIAZ: Well, I think we have come to the end of our program. I just want to add something that sometimes it escapes everybody. I hope I speak for my fellow Commissioners that this is not the only opportunity that you have to talk to us. If there is substantial issues, we all have an open door policy.

Sometimes by the way, I welcome the delays in the elevators. I found - no criticism, Pat - just the fact that the elevators take forever. I mean they take a little bit of time to get there. I find that people do come around and I think they are waiting now for us. They do come and say things.

I always find it fascinating the really key pieces of information that come from the staff that come and say "Commissioner or Chairman, do you know this or how is this going?" If you have a substantial issue, please make sure that you have the opportunity to address it with us. Unless my fellow Commissioners want to add something -- I think Commissioner McGaffigan wants to add something.

COMMISSIONER MCGAFFIGAN: I was only going to say we also listen in the elevators even if we're not addressed. I get some very good insights. Last year I saw some horse trading at budget time that I probably wasn't supposed to see. It's great stuff. We're a very observant Commission.

CHAIRMAN DIAZ: Commissioner McGaffigan just revealed one of our most intimate secrets.

COMMISSIONER MERRIFIELD: Well, it's not the first time. For better or ill but for those of you who have been here for some time, I would hazard that there has never been a Commission that has been so interested in really knowing what's going on around here and willing to take action relative to it. If you think that there are problems and if you think there are ways in which we can enhance our way of doing business to better serve

protecting public health and safety, I not only encourage you but I implore you to seek us out. Thank you, Mr. Chairman.

CHAIRMAN DIAZ: Thank you. Salute. Good afternoon. Off the record.

(Whereupon, the above-entitled matter was concluded at 3:09 p.m.)