

1 UNITED STATES OF AMERICA  
2 NUCLEAR REGULATORY COMMISSION

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4 ALL EMPLOYEES MEETING

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6 PUBLIC MEETING

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9 Nuclear Regulatory Commission  
10 "The Green" Plaza Area  
11 11555 Rockville Pike  
12 Rockville, Maryland

13  
14 Thursday, October 30, 1997

15  
16 The Commission met in open session, pursuant to  
17 notice, at 10:30 a.m., the Honorable SHIRLEY A. JACKSON,  
18 Chairman of the Commission, presiding.

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20 COMMISSIONERS PRESENT:

- 21 SHIRLEY A. JACKSON, Chairman of the Commission
- 22 GRETA J. DICUS, Member of the Commission
- 23 EDWARD McGAFFIGAN, JR., Member of the Commission
- 24 NILS J. DIAZ, Member of the Commission

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2 PROCEEDINGS

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

2 [10:30 a.m.]

3 MRS. NORRY: I would like to welcome all of you to  
4 the Seventh Annual All Employees Meeting on the Green.  
5 Following the Chairman's remarks there will be an  
6 opportunity for questions which the Chairman and the  
7 Commissioners can address.

8 For the purpose of those questions coming from  
9 here, there are microphones scattered throughout the tent.  
10 For those coming from the regions, they will be relayed and  
11 will be read this morning by Amy Siller and James Heck.

12 I would like to point out that this meeting is an  
13 opportunity for the Commissioners to discuss the strategic  
14 direction the Commission is taking. It is not intended to  
15 address questions related to personnel policies, practices  
16 or general working conditions.

17 Because of that, the agency Labor Management  
18 Partnership Committee will be scheduling a meeting hopefully  
19 before the end of the year where we will have an opportunity  
20 to have such questions brought to the committee. That will  
21 be well advertised and will be open to all employees. So  
22 please save your questions for that occasion.

23 Chairman Jackson.

24 CHAIRMAN JACKSON: Thank you very much,  
25 Mrs. Norry.

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1 Good morning. With me today are Commissioners  
2 Greta Joy Dicus, Nils J. Diaz, and Edward McGaffigan, Jr.  
3 On behalf of my Commission colleagues, I would like to  
4 welcome all of you to this special meeting of the Commission  
5 with the NRC staff. I extend that welcome both to those of  
6 you assembled here in the tent at headquarters and also to  
7 the groups of employees connected by telephone from the  
8 regions.

9 These all employees meetings have become an annual  
10 tradition, as Mrs. Norry has said, since 1991. They are

11 intended to stimulate and to facilitate direct communication  
12 between the Commission and individual members of the staff,  
13 to clarify the Commission's agenda, to engender a shared  
14 vision, and to motivate all of you in pursuit of that  
15 vision.

16 I should mention that in keeping with these same  
17 purposes I also have been holding a series of small group  
18 sessions with the staff which have been referred to as  
19 Chairman-Staff dialogues. Those sessions which I began in  
20 August of this year are proving to be extremely beneficial  
21 and positive for all involved, and I eventually hope and  
22 indeed plan to meet with each of you within that context.

23 After my introductory presentation, our agenda  
24 today will be determined by you, by your questions. I  
25 increasingly have become aware of how important it is that

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1 the Commission understand the perspectives and concerns of  
2 the staff if we are to be effective in setting and directing  
3 agency policy.

4 Conversely, it is equally important that the staff  
5 understands the perspective of the Commission, the  
6 priorities and concerns that undergird Commission policy,  
7 its decisions and directives.

8 So we will respond to your questions today based  
9 on our understanding of your concerns as well as our  
10 collective and individual perspectives on these concerns.

11 Our format today will be similar to that used for  
12 previous sessions, namely, following this introduction, the  
13 Commission will entertain questions from any of the  
14 employees present here on the green as well as from any of  
15 the regional and field offices connected by telephone.

16 As in previous years, we will hold a second  
17 session this afternoon at 1:30 since we have insufficient  
18 space to accommodate all employees in a single session.

19 Before we address questions, let me take a few  
20 moments to review with you what we have accomplished as an  
21 agency since our last all employees meeting in October of  
22 1996 as well as to discuss a few of the internal and  
23 external forces of change that will continue to shape our  
24 regulatory environment.

25 First of all, on behalf of the entire Commission,

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1 let me extend my hearty congratulations to all of you for  
2 reaffirming in an era of rapid and challenging change that  
3 the NRC is indeed a highly competent technical agency that  
4 employs extraordinarily gifted and dedicated individuals.

5 Let me give you a few examples of some of the more  
6 significant NRC accomplishments of the past 12 months.

7 On March 3rd of this year we officially assumed  
8 regulatory jurisdiction over the U.S. Enrichment Corporation  
9 gaseous diffusion plants in Piketon, Ohio, and Paducah,  
10 Kentucky.

11 In May we witnessed the culmination of nearly a  
12 decade of effort when the Commission issued the final rules  
13 certifying the advanced boiling reactor design by GE Nuclear  
14 and the System 80+ design by ABB Combustion Engineering.

15 On July 21st the Commission issued the final  
16 license termination rule establishing radiological criteria  
17 for decommissioning and release of a facility for  
18 unrestricted use and conditions and requirements for  
19 restricted release.

20 The NRC also has made significant progress on  
21 other fronts in areas that continue to receive Commission  
22 focus. Allow me to mention just a few of these areas both

23 in terms of the progress we have made and in terms of what  
24 our agenda should be for the near future.

25 The first such area is a grouping we often refer

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1 to as design basis issues. Over the past year we have made  
2 significant progress in this area, but our efforts also have  
3 made it clear that we need a big picture solution rather  
4 than one more strip in a series of band-aids. Currently we  
5 have multiple methods of dealing with inoperable and/or  
6 degraded conditions, each in a reactor site and each with  
7 its own formula for classifying equipment, structures,  
8 systems and components.

9 We have 10 CFR 50.59, Generic Letter 91-18,  
10 Appendix B, Criterion 16, the technical specifications, the  
11 FSARs and other guidance, each created at a different point  
12 in the evolution of this agency, each with a specific scope  
13 and purpose.

14 The resultant ambiguity and overlap of these  
15 methods, guidance documents and requirements have created  
16 inconsistent application or gaps in their application that  
17 can create confusion and inefficiency both for us and for  
18 our various stakeholders, especially those we regulate. The  
19 agenda for the near future, then, is to find a unified,  
20 consistent approach that also is understandable, is fair,  
21 and is risk informed.

22 Another area in which we are seeking a big picture  
23 solution concerns the various NRC processes for assessing  
24 power reactor licensees, such as the use of the plant issues  
25 matrix, the plant performance review, the systematic

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1 assessment of licensee performance, and the senior  
2 management meeting.

3 NRR currently is working to devise an overall  
4 integrated approach to plant assessment that will clarify  
5 the objectives of each assessment method, eliminate  
6 redundancies, define roles and responsibilities, ensure  
7 consistency, reduce the administrative burden, and match the  
8 processes to staff resources.

9 A third area that has received a great deal of  
10 attention both from the NRC staff and from outside observers  
11 is the potential external regulation by the NRC of  
12 Department of Energy (DOE) nuclear facilities. Both the NRC  
13 and the DOE have created high level task forces to identify  
14 the policy and regulatory issues needing analysis and  
15 resolution.

16 In a June 1997 meeting Secretary of Energy Pena  
17 and I on behalf of the Commission agreed on a pilot program  
18 to explore NRC regulation of DOE facilities. This pilot  
19 program would simulate NRC regulation of a selected set of  
20 DOE nuclear facilities over a two-year period in order to  
21 help both agencies gain experience in this area.

22 Simulated regulation, as defined for the purposes  
23 of this pilot program, means that the NRC will test  
24 regulatory concepts and evaluate a facility and its  
25 standards, requirements, procedures, practices and

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1 activities against standards that the NRC believes would be  
2 appropriate to ensure safety in view of the nature of the  
3 work and the hazards at that pilot facility.

4 Simulated regulation will involve NRC interactions  
5 with both DOE and DOE contractors as well as other  
6 stakeholders and will involve inspections of each pilot  
7 facility to identify implementation issues but will not

8 result in enforcement actions to compel compliance with  
9 particular NRC standards or requirements. Any significant  
10 inspection findings with a health and safety impact will be  
11 transmitted promptly to the appropriate DOE organization for  
12 review and corrective actions as appropriate by the pilot  
13 facility.

14 In the recently approved NRC budget for fiscal  
15 year 1998 the Congress designated \$1 million for this pilot  
16 program. The NRC and DOE have worked together to prepare a  
17 memorandum of understanding (MOU) to establish the pilot  
18 program framework. This MOU already has been signed by  
19 Secretary Pena. I expect to sign the MOU on behalf of the  
20 NRC in the near future once the Commission has completed its  
21 formal action on it.

22 Two pilot facilities have been chosen to date, the  
23 Lawrence Berkeley Laboratory in California and the Radio  
24 Chemistry Facility at the Argonne National Laboratory. We  
25 currently are finalizing the NRC teams for the pilot

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1 activities at each of these facilities. In fact, just  
2 yesterday an NRC group conducted a site visit to the  
3 Lawrence Berkeley facility.

4 The third facility for this initial phase of the  
5 pilot in this fiscal year has not been chosen but we are  
6 considering the possibility of a fuel storage facility.

7 As we proceed in this area we must ensure that our  
8 commitments do not overcome our resources, that is, that any  
9 new responsibilities we take on do not compromise our  
10 ability to regulate effectively within the scope of our  
11 current mission.

12 In an area that is somewhat related we have  
13 continued to make progress in our activities with respect to  
14 potential regulatory oversight of the Hanford Tank Waste  
15 Remediation project. In January of this year we signed an  
16 MOU with DOE regarding this project, and in May we  
17 established a full-time, permanent, onsite NRC  
18 representative to handle our issues. At present we are  
19 continuing to establish review criteria relative to  
20 regulatory and licensing issues and to review submittals of  
21 the DOE contractors.

22 A lot of our work seems tied up with DOE.  
23 Certainly in budgetary terms that is not true, but in terms  
24 of new initiatives it is true.

25 In January of this year DOE also issued its record

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1 of decision for the storage and disposition of weapons  
2 usable fissile materials. The dual track approach that DOE  
3 announced involves, first, immobilizing surplus plutonium  
4 with high level radioactive waste in a glass or ceramic  
5 material for direct geologic disposal, and second, burning  
6 some of the surplus plutonium as mixed oxide fuel in  
7 existing commercial nuclear reactors.

8 The NRC interest in this approach stems from three  
9 areas of potential impact: high level waste, fuel cycle  
10 facilities, and commercial nuclear power reactors.

11 The Commission received a briefing from DOE  
12 shortly after the record of decision was issued and in  
13 February and March the NRC sponsored two technical seminars,  
14 both open to the public, in which nuclear industry  
15 representatives made presentations on the fabrication of MOX  
16 fuel and its use in commercial reactors. More recently the  
17 Commission received a second DOE briefing and update in  
18 which the DOE acquisition strategy for MOX fuel fabrication  
19 and irradiation services was described.

20 As this area continues to unfold we must ensure  
21 again that the NRC is prepared to perform its emerging  
22 regulatory role in a manner that ensures protection of  
23 public health and safety and that avoids unnecessary delays  
24 or costs.

25 Another area in which we have made considerable

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1 strides relates to information technology and information  
2 management. To ensure that the proper focus and emphasis is  
3 given to this area, the chief information officer has  
4 reorganized both processes and structure to fully integrate  
5 information management into program activities.

6 A significant accomplishment in this area is the  
7 establishment and the beginning implementation of a  
8 requirement that all budget requests related to information  
9 technology must be evaluated under the capital planning and  
10 information control (CPIC) process before an information  
11 technology system is included in the budget.

12 The CIO also has developed a comprehensive plan to  
13 repair or to replace systems that require change to be ready  
14 for the year 2000.

15 This set of topics is only a snapshot based on my  
16 promise to be reasonably brief, but other issues that could  
17 be covered include the potential for tritium production in  
18 commercial light water reactors, the business process  
19 reengineering and guidance consolidation ongoing within  
20 NMSS, and various initiatives that come under the heading of  
21 regulatory excellence or regulatory effectiveness.

22 In addition, this focus on change and transition  
23 should not minimize the tremendous accomplishment  
24 represented by your day-to-day efforts on tasks that fall  
25 within the more traditional scope of NRC efforts. What is

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1 significant to note is that as an agency that is seeing  
2 changes on a variety of internal and external fronts we have  
3 continued to be successful in adapting to and positioning  
4 ourselves for those changes.

5 A significant factor in this success, which in  
6 itself has been both a challenge and an accomplishment, is  
7 that we have operated for much of this year with a new  
8 organizational alignment and in many cases with a new  
9 management team.

10 Rarely, if ever, has the NRC gone through a year  
11 with so many individuals taking on new positions of  
12 significant leadership and management responsibility  
13 concomitant with our organizational realignment at the  
14 beginning of 1997. In almost every case these individuals  
15 have experienced challenges considerably greater or  
16 different in character from anything they had faced before,  
17 and I believe it is to their credit that the present  
18 management team, both in the regions and in headquarters,  
19 has made the transition so smoothly.

20 Now let me get to my last topic and real area of  
21 focus today. In making my rounds through various groups of  
22 working level NRC staff I have become increasingly aware of  
23 how important it is that each employee understands his or  
24 her roles and responsibilities, that is, what we do and why  
25 we do it.

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1 I also have noticed that the eyes sometimes glaze  
2 over when people hear the term "strategic assessment and  
3 rebaselining." I should tell you that Commissioner  
4 McGaffigan has brought his DSI book with him this morning.

5 The eyes glaze over primarily because it has been viewed by  
6 some as a theoretical exercise with little or no practical  
7 value. Today I intend to mention strategic assessment and  
8 rebaselining repeatedly, and I am going to ask each of you  
9 to pay close attention because I intend to personalize the  
10 message as much as I can to emphasize how planning, budget  
11 and strategic assessment have directly impacted and will  
12 continue to impact you and your daily tasks.

13 The foundation of strategic assessment and  
14 rebaselining rests on change, the new elements being added  
15 to our mission, the changing world of those we regulate,  
16 that is, new business environments, which dictate that we  
17 must change; new opportunities to use new tools to become  
18 more effective in our regulation; and changing expectations  
19 of our various stakeholders, including the public, the  
20 Executive Branch, as evidenced by Vice President Gore's  
21 national performance review, and the Congress.

22 Perhaps more than in any recent time the U.S.  
23 Congress has taken a direct and intrusive interest in  
24 holding federal agencies accountable and demanding that they  
25 justify their resource needs, their expenditures, and even

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1 their existence.

2 None of you are unfamiliar with terms like  
3 reinventing government or with concepts like do more with  
4 less or with the actual impact of budget cuts. What is  
5 important to realize, however, is that the stakes are  
6 continuing to rise. Let me give you an example.

7 Most of you probably are aware of the information  
8 management issue known as the "year 2000 problem," referring  
9 to the fact that most computer systems that manage dates and  
10 schedules are based on only the last two digits of the  
11 calendar year in question and therefore cannot differentiate  
12 between, for example, the year 2000 and the year 1900.

13 What you may not know is that the member of the  
14 Congress who oversees information technology issues in the  
15 House of Representatives recently issued a report card in  
16 which federal agencies were graded on their progress in  
17 addressing this problem. This represents the high attention  
18 being given to this area by the Congress.

19 But now consider the impact at a practical level.  
20 Four agencies were put on notice by the Office of Management  
21 and Budget (OMB) that they will not receive any funding for  
22 buying new computer and other information technology systems  
23 in fiscal year 1999 until they have plans in place to  
24 address the year 2000 problem in mission critical computer  
25 systems.

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1 The point of this example is to illustrate the  
2 degree of detail and the level of interest that the Congress  
3 has in how well agencies can justify what they do, why they  
4 do it, and the resources required.

5 Looking backward from this perspective, the reason  
6 becomes obvious for the level of effort and attention the  
7 Commission has focused on strategic assessment, the  
8 strategic plan, and the linked performance plan. Over two  
9 years ago we undertook the strategic assessment and  
10 rebaselining.

11 Phase 1 of that initiative was painstaking but  
12 simple in nature. We attempted to answer two basic  
13 questions across the agency and in exhaustive detail:  
14 First, what do we do, and second, why do we do it?

15 This phase, which was completed in April of 1996,  
16 identified a series of topics on which the Commission needed

17 to deliberate and to make decisions. We call these topics  
18 direction setting issues.

19 Phase 2 involved the development of options to  
20 address each of these issues. The Commission shared its  
21 preliminary views with stakeholders through the Internet and  
22 public meetings. The staff reviewed and summarized the  
23 comments from stakeholders on each issue paper associated  
24 with the DSIs and the Commission made its final decisions on  
25 the DSIs. This phase was essentially completed in August

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1 1996 except for a few issues.

2 In phase 3 we developed a new strategic plan based  
3 on the results of the previous two phases undergirded by the  
4 DSI decisions in which we set forth the long-term directions  
5 and goals of the NRC.

6 In accordance with the Government Performance and  
7 Results Act, what is referred to as GPRA, the strategic plan  
8 will be reviewed annually and updated every three years.  
9 When last month we submitted to the Congress and the OMB the  
10 NRC fiscal year 1997 to fiscal year 2002 strategic plan,  
11 phase 3 of the strategic assessment and rebaselining had  
12 officially come to an end.

13 I also should note that a copy of the strategic  
14 plan was distributed to all NRC employees this week, and I  
15 would encourage each of you to review it and to provide your  
16 feedback.

17 This brings us to the current and final phase of  
18 strategic assessment and rebaselining: implementation, or  
19 what has been referred to as the rollout of the strategic  
20 plan. Regardless of what your involvement has been to date,  
21 at this point in the process every employee should sit up  
22 and take notice.

23 With the issuance of the strategic plan and the  
24 more dynamic performance plan that flows from it we are  
25 putting into place a new agency planning process. This is

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1 not, I repeat, not, although it may look like it initially,  
2 an additional task to be added to your workload, because it  
3 is the way to accomplish your work. In this phase we are no  
4 longer talking about a special one-time effort but rather a  
5 way of doing business.

6 Each manager, and to a lesser extent each  
7 employee, must understand, first, how to develop an  
8 operating plan for your area of NRC functionality.

9 Second, how that plan fits into or is linked to  
10 the overall strategic plan.

11 Third, how to integrate that plan with the budget  
12 process.

13 Fourth, how to conduct performance monitoring of  
14 the plan as it is executed.

15 In fact, I would go so far as to pledge to the  
16 working level staff that your managers in the not too  
17 distant future will be sitting down, if they have not  
18 already done so, to explain to you the linkages of the  
19 strategic plan with your specific area of work. They have  
20 been asked to do that. And I will be meeting with the SES  
21 managers next month to emphasize precisely this need and  
22 expectation.

23 The new agency planning process will provide an  
24 effective approach for planning, budgeting and assessing our  
25 performance against the goals of the strategic plan, which

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1 is what the Congress is specifically looking for.

2 The chief financial officer (CFO) in conjunction  
3 with the other members of the Executive Council has  
4 developed a new planning and performance management system  
5 that will involve all employees in the planning process down  
6 to the branch and section levels. The four main components  
7 of the system are as follows:

8 First, setting the strategic direction and  
9 performance expectations for the specific organization.

10 Second, determining the resources and the planned  
11 accomplishments necessary to meet those expectations.

12 Third, measuring and monitoring performance  
13 against the established expectations.

14 Fourth, assessing performance, developing lessons  
15 learned, and applying the results.

16 This planning and performance system integrates  
17 many of the ongoing efforts associated with the operating  
18 plan, with program reviews and program evaluations. In many  
19 ways this planning process represents a paradigm shift that  
20 relates not only to planning and resource management but in  
21 the way that the NRC conducts its business in general.

22 Again I encourage all of you to become familiar  
23 with the goals of the strategic plan and to provide feedback  
24 on ways that we can more seamlessly integrate planning into  
25 our day-to-day efforts.

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1 So let me attempt to link all of this together.

2 The more information and planning involvement that  
3 the staff has at the first line level the more success we  
4 will have in meeting and adhering to the strategic plan.  
5 The more success we have at adhering to the strategic plan  
6 the more outcomes as opposed to outputs orientated we will  
7 be, and the more likely we will be to have consistency and  
8 acceptable performance in our programs and in our budget  
9 process in a way clearly linked to agency goals as laid out  
10 by the Commission. Given the current level of congressional  
11 and stakeholder scrutiny, without success and consistency in  
12 these areas, and in particular in our budget process, we  
13 cannot expect to succeed in accomplishing our mission as we  
14 understand it today.

15 In summary, I hope that I have reemphasized the  
16 significant progress that we have made in a number of areas,  
17 the issues on which we must continue to remain focused, and  
18 in particular the need for additional effort in planning and  
19 financial management. Most importantly, I hope I also have  
20 exhibited my pride in serving with you in this truly  
21 remarkable agency.

22 Now I would like to turn this meeting over to you.  
23 I would ask each of you who wishes to ask a question to use  
24 one of the microphones so that everyone can hear your  
25 question. Please feel free to direct your question to any

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1 one of us. If your question is intended for all of us, I  
2 will refer it to each of my Commission colleagues in turn so  
3 that we can move it along in an efficient manner.

4 We are ready for the first question. May we have  
5 the first question, please.

6 I understand that Mr. James Heck and Ms. Amy  
7 Siller will be the regional question readers.

8 QUESTION: In 1974 the NRC was given a threefold  
9 mission, to protect public health and safety, common defense  
10 and security, and the environment. That mission remains  
11 unchanged, but the context in which that mission is  
12 practiced has changed and continues to change.

13 We have the increased use of radioisotopes in



14 medicine and industry, increased attention to the hazard  
15 posed by poorly designed storage and disposal facilities,  
16 the decision by several reactor operators to decommission  
17 their reactors early, the need to decommission materials on  
18 licensees' properties now that the licensees have moved on  
19 to other things, the approaching end of reactor design life,  
20 and the consequent need for more decommissioning and the  
21 lack of interest in design life extension and siting new  
22 reactors.

23 I have a two-part question.

24 Part 1, how does the agency intend to change the  
25 use of resources in response to these changes?

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1 Part 2, how does the agency intend to help  
2 employees learn new skills to adapt to these changes?

3 Thank you very much.

4 CHAIRMAN JACKSON: Thank you.

5 I can answer that for you. First of all, there  
6 are specific initiatives under way in each of the areas and  
7 any number of other areas, both the ones that you have  
8 mentioned and others. More broadly, the issue of the use of  
9 resources is precisely what the new agency planning process  
10 and framework is meant to help us address. It is also why  
11 it was squarely rooted in the initial phase of strategic  
12 assessment and rebaselining.

13 It is very important that we understand all of the  
14 things down to the activity level that we are doing, what  
15 the history has been, how external forces are affecting  
16 either our ability to continue doing them or even the need,  
17 necessity or motivation to continue to do them.

18 In order for us to in fact on the financial side  
19 justify to the Congress, at a time where we are still  
20 essentially 100 percent fee based and our licensees are  
21 undergoing economic stress of their own, the budget that we  
22 think we need, we have to be very careful that we understand  
23 all the things we need to do, why we need to do them, what  
24 should be on the fee base, perhaps what not, and that we can  
25 demonstrate results, that is, outcomes, and not just that we

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1 are carrying out a series of activities. That's why the  
2 long discussion I gave you a moment ago about strategic  
3 assessment and rebaselining, the strategic plan which the  
4 Congress is deadly serious about, and about the new planning  
5 framework linked to it.

6 Concomitant with developing this process we are  
7 also developing and putting into place new resource  
8 management systems. These are things that I know are new to  
9 people who fundamentally are engineers and scientists, the  
10 technically oriented. As you know, I as well as my  
11 colleagues also have scientific backgrounds.

12 Nonetheless, the changes that we face and our  
13 ability to respond to those changes in real time really  
14 require different, better, more integrated planning than we  
15 have ever done before, predicated on the best set of  
16 assumptions that we can make, based on the best data we have  
17 about what things are coming down the pike, but that's also  
18 why the plan and the planning process is evergreen, because  
19 our long-term goals and vision will not change overnight,  
20 but we do have to be able to evolve how we carry out our  
21 business.

22 As far as new skills are concerned, there is an  
23 effort under way looking at in fact having skills  
24 assessments done both in terms of our existing set of skills

25 in our population as well as new skills that may be needed

23

1 for new initiatives such as our PRA implementation plan and  
2 its various aspects, or new ways of doing our fundamental  
3 jobs as well as new tasks we may take on.

4 These things then will be married, and it's being  
5 carried out under the umbrella of the Office of Human  
6 Resources and in Mrs. Norry's line organization to ensure  
7 that we have a strategy that relates to how people should be  
8 trained, what jobs they can do, and how that folds into any  
9 other planning we need to do, including recruitment. So  
10 that, in a nutshell, is kind of the net-net answer to your  
11 question.

12 Is there another question?

13 MS. FRATTALI: Yes. I'm Dr. Sandra Frattali from  
14 the Office of Research. In your original remarks you  
15 mentioned meetings directly with working staff. You  
16 mentioned that you would like to continue these meetings and  
17 to do them with each one of us. I have a question about  
18 these meetings.

19 Are they formal? Are they informal? How are they  
20 arranged?

21 How is the staff prepped?

22 Is management present? Is your staff present?

23 Is the exchange of information open?

24 How do you choose who to speak with?

25 In other words, is this truly an exchange of

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1 information with the working staff, or is it filtered  
2 through the existing system so that you hear what you always  
3 have heard in the past?

4 Thank you.

5 CHAIRMAN JACKSON: Thank you for the question.

6 [Applause.]

7 CHAIRMAN JACKSON: As they say, the proof will be  
8 in the pudding. I've carried out a number of meetings in  
9 the regions and a few here in headquarters.

10 The answer to your question is, no, management is  
11 not present. I talk directly with the staff.

12 For instance, in the regions I meet with  
13 everybody, but I meet with groupings that relate to the  
14 work. So I meet with the Division of Reactor Projects, all  
15 of the people; the Division of Reactor System, all of the  
16 people; DURMA; the Division of Nuclear Materials Safety and  
17 Safeguards.

18 Unfettered discussion. There is no preparation  
19 necessary. I'm not prepared; I'm not looking for formal  
20 statements from people; they're not being queried on their  
21 jobs or job performance; I'm just there to listen, to  
22 address their questions, to lay out a vision not unlike what  
23 I have discussed already this morning, and to get feedback  
24 and to try to address people's questions.

25 What I don't do, which is the same as here today,

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1 is address specific personnel issues, specific work  
2 condition issues, but to try to understand in the large  
3 people's concerns and to try to engender a shared vision.  
4 But it is a very informal, unstructured process. Since I  
5 was just in Region I, I would invite you to speak with any  
6 of your friends in the region and have them tell you how the  
7 discussions went.

8 I thank you for your question.

9 Is there another question?

10 QUESTION: Good morning, Chairman Jackson, good

11 morning Commissioners.

12 My first question from the region. As you may  
13 know, there has been a significant loss of senior resident  
14 and resident inspector personnel from program over the past  
15 year both to industry and to other NRC jobs. What is the  
16 Commission doing to enhance retention and recruitment of  
17 high quality resident inspectors?

18 CHAIRMAN JACKSON: Thank you for the question.  
19 We're aware of the fact that we need to be very concerned  
20 about stabilization of the ranks of the resident inspectors.  
21 So in addition to looking specifically at having done a job  
22 task analysis of the resident inspector program, we are also  
23 looking at issues and possible mechanisms for how to bring  
24 people into the agency as well as the generalized terms and  
25 conditions of the work of those people, which I am not going

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1 to discuss.

2 As I visited the various regions I have been made  
3 very aware of the administrative burden that a number of the  
4 resident inspectors feel they have. Part of some of what we  
5 are doing in the large, such as the integrated assessment of  
6 the reactor assessment programs that we have as well as a  
7 number of information management initiatives that are under  
8 way, is meant to address work conditions.

9 I would invite you afterwards to in fact talk with  
10 Mrs. Norry or Mr. Callan, the EDO, because there are a  
11 number of specific initiatives under way having to do with  
12 recruitment and retention of resident inspection personnel.

13 Thank you.

14 Is there another question?

15 QUESTION: I have another question from the  
16 region. Can the Commission provide an overview or summary  
17 of its vision of risk assessment for materials programs? We  
18 understand that a project is currently under way to evaluate  
19 risk assessment in this area, but does the Commission  
20 envision use of standard PRA techniques or a different  
21 approach?

22 CHAIRMAN JACKSON: Thank you. I'll speak and then  
23 I would invite any of my Commission colleagues who wish to  
24 comment.

25 You are correct that there is an effort under way

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1 that Mrs. Federline from the Office of Nuclear Materials  
2 Safety and Safeguards spoke to at a recent Commission  
3 meeting on the PRA implementation plan. It is an effort  
4 meant to look not only at PRA as such and its use in nuclear  
5 materials activities, but at the use of other risk or hazard  
6 assessment methodologies.

7 The nuclear materials area, as you know, is very  
8 diverse. Depending upon whether one is talking about  
9 decommissioning a site, making an assessment for a possible  
10 high level waste geologic repository, looking at issues  
11 related to fuel cycle facilities, or the use of  
12 radioisotopes in medicine, then the particular risk  
13 assessment methodology that may be relevant could be  
14 different.

15 For instance, when one is talking about a geologic  
16 repository, there is a whole methodology and set of  
17 activities associated with it in the performance assessment  
18 area, and while it bears a number of things in common with  
19 PRA techniques, they aren't exactly the same.

20 When one is talking about fuel cycle facilities,  
21 there is what is known as an integrated safety assessment

22 that takes account of the fact that the fuel cycle  
23 facilities not only are handling special nuclear material,  
24 but they essentially are chemical plants. There is a  
25 rulemaking under way for revision to Part 70 that has that

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1 aspect folded in.

2 Similarly, if one is talking about the use of  
3 radioisotopes in medicine, one wants to have as risk  
4 informed an approach as possible, but again the techniques  
5 may be different.

6 So risk assessment may have a slightly different  
7 life form, depending upon the exact application, but what  
8 the Commission is encouraging is as much cross fertilization  
9 and feed in from one area to the other of techniques as they  
10 are developed and as they mature in order to have as robust  
11 a risk assessment framework as we can have but in addition  
12 to potentiate all the activities to move them along at a  
13 faster pace.

14 Let me ask Commissioner Dicus if she has any  
15 comments.

16 COMMISSIONER DICUS: I think the issue that the  
17 Chairman brought up regarding the wide range of uses with  
18 radioactive materials is a great deal of the problem in  
19 being able to get into risk assessments and risk informed  
20 type regulations and activities, because one size will not  
21 fit all, and that's the problem that they are trying to  
22 wrestle with at this time, and having to use the various  
23 techniques and perhaps devise some new techniques to address  
24 it.

25 Nevertheless, I think it's critically important

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1 that we do this because it's in this area, in the use of  
2 radioactive materials in this area that we have the public  
3 being exposed to radiation; it's not in the reactor side of  
4 the house; it's in the materials side of the house that the  
5 public is being exposed unnecessarily in some cases when we  
6 lose control of that material, or in the case of medicine,  
7 where it's intentional. I think that underscores the need  
8 to approach our regulatory structure in a risk informed  
9 manner, but it's not easy to do given the diversity of the  
10 uses.

11 CHAIRMAN JACKSON: Thank you.

12 Is there another question?

13 MR. RANDALL: I'm John Randall from the Research  
14 Office. In September an SRM came out on separating  
15 rulemaking from research and also consolidating research  
16 from other offices into Research. In that memo I could not  
17 detect a long-term vision by the Commission about what the  
18 research function should be at the NRC. Could you address  
19 that, please?

20 CHAIRMAN JACKSON: The rulemaking for a time has  
21 been obviously only a part of the activity of the Office of  
22 Research. The Commission's decision to have the rulemaking  
23 moved into the program offices related to having that  
24 rulemaking closer to where the regulatory activity was  
25 occurring.

30

1 In terms of a long-term vision for the Office of  
2 Research, I would ask you to in fact review DSI 22 where the  
3 Commission lays out its position in that regard. But let me  
4 try to give you a few key elements.

5 The Commission envisions Research being the  
6 repository of certain high level core competencies that  
7 undergird the technical work that is the heart of how we

8 make our regulatory judgments. To that end, in fact the  
9 Office of Research has been asked to develop an assessment  
10 and a working vision for itself of what those core  
11 competencies need to be.

12 In addition, the Commission has said that it  
13 expects the Office of Research not only to do confirmatory  
14 research or to be responsive to user needs, but in fact to  
15 do anticipatory research, namely, looking ahead and trying  
16 to understand where there are key issues that need to be  
17 addressed that relate to safety questions that arise, or  
18 potential safety questions. So it has both a real time need  
19 to undergird the technical work that relates to the  
20 day-to-day regulatory program as well as a going forward,  
21 looking ahead perspective in terms of what it does.

22 Finally, the Office of Research has been asked to  
23 look at how it prioritizes its activities to ensure that  
24 what it does is focused and is as risk informed as the  
25 activities that go on in the day-to-day research programs

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1 and to use that as the basis not only of deciding what new  
2 work to do, but to decide what work not to do, or work to  
3 sunset.

4 Being the fundamental repository of the technical  
5 expertise in the areas necessary for us to carry out our  
6 research program, to have a vision that is risk informed in  
7 terms of how it chooses to do the work it does, and how it  
8 prioritizes that work and to have a focus that is both  
9 confirmatory or user need oriented but anticipatory are  
10 critical elements.

11 I don't know if any of my fellow Commissioners  
12 would like to add anything, but if you want to when we have  
13 a break, Commissioner McGaffigan has DSI 22 here.

14 I think Commissioner Diaz would like to make a  
15 comment.

16 COMMISSIONER DIAZ: I can see some of the  
17 background of the question. It is well known that when  
18 resources get scarce research is first to be cut. This is  
19 true universally.

20 I think the long-term vision of the Commission was  
21 that we need to ensure that we have a strong research  
22 organization that is very plugged into the issues, that is  
23 accountable, and that everybody can recognize its expertise.  
24 I believe the change that has been made has been to  
25 stabilize it and actually make it into a long-term component

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1 of the NRC not threatened by additional cuts but a vital  
2 part of what we do. Thank you.

3 MR. RANDALL: I think Commissioner Diaz answered  
4 the question I was going to ask. I agree with the  
5 Commission's preliminary view on DSI 22. I read that pretty  
6 carefully, and what you have just said, Chairman Jackson,  
7 but none of that can happen without the resources. I think  
8 that's a very difficult problem for the Research Office  
9 right now.

10 CHAIRMAN JACKSON: I think today you have a  
11 Commission that is committed to and understands the clear  
12 importance of a research organization within an agency like  
13 the NRC. In fact, I spoke to that at the recent water  
14 reactor safety meeting. At the same time, the Office of  
15 Research itself has an opportunity to develop an operational  
16 vision consistent with what you heard from Commission Diaz  
17 and myself.

18 I am well aware of the kind of, let us call it,

19 savage budget cuts over the years well before this  
20 Commission was in place that the Office of Research has  
21 faced, but at the same time we are in budget reality space.  
22 As I have said and tried to say in terms of my  
23 overall remarks, the secret to ensuring that we have the  
24 kind of stabilized, respected research organization that  
25 undergirds our regulatory program but is forward looking is

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1 that in fact that organization itself is able to clearly lay  
2 out and prioritize what it needs to do and that it is hooked  
3 into where the action is and is not necessarily holding on  
4 to where the action is not. So I think that, in an  
5 overarching way, should give you a vision, and I think you  
6 have a new leadership that is oriented to ensuring that in  
7 fact that occurs.

8 Is there another question?

9 QUESTION: Madam Chairman, the past year or year  
10 and a half there have been a high number of retirements  
11 among high ranked officials in the agency, particularly in  
12 the program offices. In the memory of some this has been a  
13 rather unusual exodus with a substantial loss of experience.  
14 In light of the unique responsibilities of the agency in  
15 protection of the nation's safety and health, does this  
16 drain of experience pose any concern to the members of the  
17 Commission?

18 CHAIRMAN JACKSON: At any given time there are  
19 obviously turnovers in the ranks both of staff and  
20 management. If there is expertise that exits when those  
21 individuals exit, that is always an issue of concern. But I  
22 think in fact the Commission and I certainly are comforted  
23 by the fact that we have an extremely able group of managers  
24 who have come up and taken the place of those who have gone,  
25 who themselves have come up through and under the tutelage

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1 of many of the people who have left, but they also are  
2 managers who have a vision that is oriented to positioning  
3 the agency for change, who know what they have to do to try  
4 not only to stabilize and enhance the staff we currently  
5 have, but to build it up as necessary through recruitment  
6 and/or training of individuals.

7 I think it is true that a number of people with  
8 many years of experience have left, but it is a kind of  
9 transition that many organizations undergoing change have  
10 experienced, and I have every confidence in the new  
11 management team and that we are going to come through this  
12 and are coming through it with flying colors.

13 I don't know if any of my fellow Commissioners  
14 have any comments they wish to make.

15 COMMISSIONER MCGAFFIGAN: I'd just echo the  
16 Chairman's remarks. I have total confidence in the team  
17 that we have in place. I think one of the things that we  
18 are going to do better in the future is succession planning.  
19 Mr. Callan is already trying to think through the future and  
20 put in place ideas for how this generation of managers will  
21 itself be succeeded. So I echo the Chairman's remarks.

22 CHAIRMAN JACKSON: That's an excellent point.  
23 Commissioner Diaz.

24 COMMISSIONER DIAZ: I think Commissioner  
25 McGaffigan last year said that he had met ten wise men in

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1 the Commission staff. I would like to say that I have met a  
2 lot more and that we feel very comfortable with the wisdom  
3 that we get from you, and we thank you for it.

4 CHAIRMAN JACKSON: I would just repeat that except

5 to say men and women.

6 [Laughter.]

7 COMMISSIONER DIAZ: It was a generic issue.

8 [Laughter.]

9 CHAIRMAN JACKSON: Yes. It's like humankind or  
10 mankind. Thank you.

11 Another question, please?

12 MS. KOTRA: Good morning, Madam Chairman.

13 Dr. Janet Kotra from the Division of Waste Management. I  
14 have observed that periodically various commissions take aim  
15 at the length of the concurrence process in generating  
16 issues for the Commission. I've also observed that every  
17 time that happens a shadow concurrence process emerged that  
18 may be just as onerous before the actual concurrence process  
19 is initiated. Setting aside the somewhat demoralizing  
20 impact that that has on those of us at the bottom of the  
21 food chain, I gather that is more appropriately addressed by  
22 Mrs. Norry's initiative.

23 I was wondering if the Commission had given  
24 thought from a resource and efficiency point of view whether  
25 this is truly resulting (a) in superior products that arrive

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1 for the Commission's consideration, and secondly, whether  
2 this is the most efficient and effective way to do business.

3 Thank you.

4 CHAIRMAN JACKSON: Thank you. I think there are  
5 two things that can be said in response to your question.

6 One is that the Commission, this Commission in  
7 particular, is very focused on the efficiency with which the  
8 work gets done, and in some sense you could argue almost  
9 creates forcing functions in terms of the kinds of deadlines  
10 that we set for the work. That obviously does not get down  
11 to the detailed level of how the actual concurrence process  
12 occurs. It's very important, though -- and that's the role  
13 of the management -- that work does get the appropriate  
14 review before it comes to the Commission.

15 Nonetheless, I know that the concurrence process  
16 is something that Mr. Callan has as something that he is  
17 looking at and he knows of the Commission interest in it,  
18 and there in fact is an experiment, I believe, that is just  
19 beginning in the Office of Research looking at ways to  
20 shorten that process. I think, depending upon how we are  
21 informed by what comes out of that, there are opportunities  
22 for improvement in that regard.

23 I don't think it is the Commission's role to get  
24 down into the details to say who should sign off on what,  
25 but rather to indicate to Mr. Callan its interest in seeing

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1 that we have an efficient but an effective process that  
2 results in reasonable time frames in products coming to the  
3 Commission but with the right quality, and I think the kind  
4 of initiative that is under way under Dr. Knapp's tutelage  
5 in the Office of Research is very important in this regard.

6 Thank you.

7 Are there other questions.

8 MR. MARKLEY: Good morning, Chairman and  
9 Commissioners. My name is Anthony Markley. I'm in the  
10 Office of Nuclear Reactor Regulation. From my time of  
11 working with the Commission I have gained some appreciation  
12 of the outside influences and concerns that the Commission  
13 deals with.

14 Having returned to the staff and gone through the  
15 experiences of generating operating plans and things of that

16 nature and becoming acquainted with the challenge of  
17 resources, and what have you, I have come away very troubled  
18 in one regard. In terms of dealing with supervisor ratios,  
19 I think the agency will probably be able to handle that  
20 situation, although it will present diminished opportunities  
21 for members of the staff.

22 But the area that is even more troubling than that  
23 is the outside influences that deal with the percentage of  
24 the agency grade 14's and above. Historically the NRC and  
25 NASA have been highly graded technical agencies that

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1 required a great level of technical expertise to accomplish  
2 their health and safety mission. With this outside pressure  
3 to reduce grades and to bring in people of lower grades to  
4 essentially do the equivalent work, I am concerned that this  
5 is going to cause us a great deal of challenge.

6 To use an educational field metaphor, if we  
7 continue in the reduction of grade levels and reduction of  
8 opportunities to the people, are we going to essentially  
9 deal with a dumbed-down version of the NRC for the future to  
10 deal with these changing fields and challenges that we are  
11 going through? Will the Commission at some time realize or  
12 come to understand that there is a point where it may be  
13 necessary to draw a line in the sand and say that if we  
14 continue declines in our resources, the grade levels, the  
15 decline of expertise, that we will no longer be able to  
16 accomplish our safety mission?

17 I'd like to get your views on that subject.

18 CHAIRMAN JACKSON: Let me state, first of all,  
19 unequivocally that the Commission obviously is not  
20 interested in having a "dumbed-down staff." That does not  
21 help us accomplish our mission.

22 Secondly, we clearly understand the need for  
23 technically, highly competent staff.

24 However, at the same time we have to balance  
25 various realities. As I said earlier, and it's a very

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1 important point, in order for us to draw the line in the  
2 sand, we have to know where the line ought to be. That's  
3 number one. In order to stabilize ourselves relative to  
4 whether it's grade levels or overall head count, we again  
5 have to be very clear on what it is we must do and what we  
6 need in the way of resources, including human resources and  
7 the talents associated with that, to accomplish those tasks.

8 You heard this morning mention made of various  
9 initiatives, including succession planning, skills  
10 assessment, et cetera, and all of that is being done to  
11 address the kind of issue that you are talking about,  
12 namely, to come away with a clear understanding of what it  
13 is we now must do, what kind of people and skills do we need  
14 to do it, what do we have, and what does that imply about  
15 the skills mix, and then all of that works its way through  
16 the human resource system in terms of grades and so forth.

17 Before the Commission can step out and make a  
18 statement it needs to know exactly where that line in the  
19 sand is, and that has to be developed by the various  
20 initiatives and by the managers who have responsibility to  
21 do that. The worst thing in the world is to cry wolf and to  
22 go out and say, you know, you're killing us, because it has  
23 happened in budget land. The Congress looks at your  
24 credibility; the Office of Personnel Management looks at  
25 your credibility; the OMB looks at your credibility. So

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1 we're very concerned about these sorts of issues, but we



2 want to be sure that when we step out we have credible  
3 statements to make.

4 Is there another question.

5 QUESTION: This question is directed to the  
6 Commission. President Clinton signed an executive order  
7 requesting federal agencies to involve historically black  
8 colleges and universities in their activities. What has the  
9 NRC or what does the NRC plan to do to involve faculty,  
10 staff and students from historically black colleges and  
11 universities?

12 CHAIRMAN JACKSON: I can't give you a detailed  
13 response. What I am going to do is to refer you to  
14 Mrs. Irene Little to give you the specific statistics and  
15 set of activities that we carry out.

16 I would just say to you that in the general sense,  
17 just as when we had our recent EEO briefing of the  
18 Commission, the Commission is committed to having the  
19 appropriate involvement, both in terms of employees as well  
20 as our outreach activities, with all historically  
21 underrepresented groups, and we had a particularly focused  
22 discussion on Hispanic Americans at the previous EEO  
23 briefing of the Commission.

24 So let me take that question under advisement. We  
25 will get you specific information, and if there is a problem

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1 relative to the executive order vis-a-vis the resources we  
2 have available, then we can address it at that point. Thank  
3 you.

4 Is there another question?

5 QUESTION: I have another question from the  
6 region. Given the recent troubles experienced by vendors  
7 that manufacture approved spent fuel storage casks through  
8 ongoing bankruptcy and regulatory issues, how concerned is  
9 the Commission that some reactors may have to shut down in  
10 the not too distant future because of the lack of viable  
11 options for removing spent fuel from the spent fuel pools?

12 CHAIRMAN JACKSON: Obviously the issue of spent  
13 fuel storage capacity at operating reactors is a very  
14 relevant issue and an issue that affects the continued  
15 operation. While I think it is an issue that is of concern,  
16 it is not at this point a crisis. I am well aware of the  
17 bankruptcy of one of the cask vendors, but I don't believe  
18 that they are the only vendors whose casks we have approved  
19 for use for dry cask storage at reactor sites.

20 In the end, yes, we have a concern, but that  
21 concern cannot overshadow the public health and safety  
22 responsibility that we have. Again, I guess my statement to  
23 you is, yes, we are well aware of the bankruptcy at least in  
24 one case; yes, we generally know there is an issue with  
25 respect to spent fuel storage capacity, particularly in the

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1 spent fuel pools at reactor sites; yes, that makes licensees  
2 more dependent upon the use of dry casks; but, yes, there is  
3 more than one dry cask vendor whose designs we have  
4 certified or licensed. Thank you.

5 Commissioner.

6 COMMISSIONER McGAFFIGAN: If I could just try to  
7 add to that. Many of the licensees are giving increased  
8 attention to their suppliers and taking more ownership  
9 responsibility for their suppliers. I think this crisis is  
10 partly in the hands of the licensees and working with their  
11 suppliers.

12 CHAIRMAN JACKSON: Thank you. That's an excellent

13 point, because it's in their interest.

14 Further questions.

15 QUESTION: Another regional question. This is for  
16 the Commission and it's a two-part question regarding  
17 safety.

18 What is the Commission doing to ensure that the  
19 safety impact of the economic deregulation of the electric  
20 utility industry is minimized, and has the Commission  
21 considered the potential impact of economic competition  
22 between nuclear power producers on the willingness of the  
23 licensees to freely share important safety information?

24 CHAIRMAN JACKSON: I will make an initial comment  
25 and call on my Commission colleagues.

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1 You heard me discuss in my opening remarks the  
2 integrated review the Commission has asked the staff to make  
3 of our plant assessment processes and try to look at what  
4 role they are meant to serve, eliminate duplication or  
5 redundancy, but to ensure that, roughly speaking, the  
6 waterfront is covered. That's number one.

7 Let me just make an overarching statement. The  
8 overarching statement is that all of the initiatives that  
9 the Commission has asked the staff to undertake are oriented  
10 exactly to this end, to ensure through the use, for  
11 instance, of PRA and risk informed regulation that we and  
12 our licensees stay focused on the things that have the  
13 greatest risk significance, that having done that, that we  
14 lay out our expectations and enforce them.

15 Second, the staff is taking a look at our various  
16 plant assessment processes up to and including the senior  
17 management meeting.

18 As part of review of the senior management meeting  
19 process the Commission has asked the staff to work to  
20 develop objective performance indicators, including ones as  
21 they are available that are risk informed but ones that in  
22 fact are oriented to being able to detect early on signs of  
23 economic stress that may be affecting the safety performance  
24 of our licensees.

25 The issue of how freely information is shared is

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1 in fact something that the industry itself is looking at,  
2 both at the level of INPO as well as with NEI, because there  
3 is a clear understanding that information sharing and peer  
4 review and those linked processes are very important.

5 I think it's something that from our point of view  
6 we have to watch. I don't know that we have any plans at  
7 this particular time to force inter-utility sharing of  
8 information, but we look at the results.

9 We do have certain information requirements in  
10 terms of the use of reliability data that we have been  
11 working with the industry on, but that has to do with that  
12 information coming to us. That does link to how the  
13 information is gathered in the industry.

14 I know it's something that Commissioner Diaz has  
15 also thought about. So I'm going to ask him to speak to  
16 this.

17 COMMISSIONER DIAZ: Thank you. This issue of  
18 deregulation is like preparing for a storm but you don't  
19 know whether it's a tornado or just a mild thunderstorm  
20 coming. I think what we have done is try to maintain the  
21 stability of the processes and the accountability of the  
22 processes from both the safety viewpoint, the ownership, the  
23 decommissioning. Every one of those issues that we can put  
24 our hands on we have directed the staff to be aware, to

25 track them, and to maintain for the record what are the

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1 different interactions.

2 I think at the present time, like the Chairman  
3 said, there is little we can do until we get a better  
4 definition of the storm, but it is an issue that is upon us,  
5 and I think we are very concerned about it and I think we  
6 have taken the necessary steps to address it.

7 CHAIRMAN JACKSON: Commissioner Dicus.

8 COMMISSIONER DICUS: I agree with what has been  
9 said so far. To add another point to it, particularly on  
10 the deregulation and the impacts that this may have, we are  
11 also working with the rate-setting bodies, making them very  
12 much aware of our concerns with the safety culture as plants  
13 become stressed perhaps economically or as they move  
14 economically to better be competitive in the market. We are  
15 dealing with NARUC, even with the FERC, and making them  
16 aware of the issues, together with some rulemaking that is  
17 going on.

18 With regard to sharing information, clearly, as  
19 you have heard, that's not necessarily an area that we can  
20 get into other than to be aware of it and to continue to  
21 encourage the sharing of information. As a positive note,  
22 I've even had a few of either the utilities or industry reps  
23 suggest that the sharing may increase in order to survive  
24 the nuclear part of power generation. So there could be a  
25 very positive impact.

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1 CHAIRMAN JACKSON: Commissioner McGaffigan.

2 COMMISSIONER MCGAFFIGAN: Let me add a couple  
3 points. First of all, safety doesn't have to be an economic  
4 problem. There is a virtuous quadrant of low SALP scores,  
5 1's and 1.25's, and low cost. We'd like the entire industry  
6 to be in that area if it could get there. So safety doesn't  
7 have to cost.

8 One aspect of economic deregulation that we are  
9 going to have to grapple with that could be a safety benefit  
10 is there may be significant consolidation as a result of  
11 economic deregulation with the quality of the licensees  
12 perhaps going up on average as a result of economic  
13 deregulation. That's the hope. That is going to be the  
14 result of economic decisions that people make, not our  
15 decisions, but it's a possible outcome that you will get on  
16 average better operators in the end.

17 CHAIRMAN JACKSON: Thank you. I would just have  
18 two additional comments to add. One is that I've always  
19 made the point that good economic performance and safety go  
20 hand in hand in the sense that if you have a plant that is  
21 well run and it's reliable, the kinds of safety systems and  
22 issues that we are concerned about are ones that are at the  
23 heart of having a reliable and well run operation.

24 Money comes into play many times when licensees  
25 have dug themselves into a hole in terms of their safety

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1 performance and in terms of not having taken care of their  
2 plants all the way along.

3 It's as if you have a car, always my favorite  
4 analogy, and you don't take care of it. If you just let it  
5 fall apart on you and now you have to try to rebuild the  
6 body, replace the brakes, put in a new steering column, et  
7 cetera, et cetera, you're going to have a much more  
8 expensive process; if you haven't tuned the engine, you  
9 don't put oil in it, and you now have to rebuild or replace

10 that engine, then you have a very expensive proposition.

11 That's very different than operating at a certain  
12 baseline where you have a certain baseline performance and  
13 you try to stay there, and then I think you propagate  
14 directly into what the Commissioner has said.

15 Having said that, we have made the point, as  
16 Commissioner Dicus has said, with various state regulatory  
17 entities, and certainly in my discussions with the members  
18 of Congress on the Hill I have made the point, that in terms  
19 of any kind of a transition to a deregulated regime, then  
20 one wants to not necessarily have unlevel playing fields but  
21 there are concerns relative to the financial wherewithal of  
22 these companies.

23 Again, we may have big players, bigger players who  
24 are better players who emerge out of all of this. So other  
25 than our being sure that we are looking at the right things

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1 and that we take the actions that we need to take and  
2 speaking out as appropriate, I think we are doing all that  
3 can reasonably be done at this point.

4 As Commissioner McGaffigan said, good economic  
5 performance and deregulation and competition are not  
6 necessarily bad. It's bad for those that have dug  
7 themselves into a hole that they have to get out of.

8 Another question? This is your big chance. It's  
9 our big chance.

10 COMMISSIONER MCGAFFIGAN: I think the region has  
11 had more questions than headquarters so far.

12 CHAIRMAN JACKSON: Are there other questions here  
13 in headquarters?

14 If not, let me thank you very much. We have  
15 enjoyed it. It's good to see you.

16 [Applause.]

17 [Whereupon, at 11:48 a.m., the public meeting was  
18 concluded.]

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