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PUBLIC NOTICE
BY THE
UNITED STATES NUCLEAR REGULATORY COMMISSION'S

STAKEHOLDERS PUBLIC MEETINGS

OCTOBER 24, 1996

The contents of this transcript of the proceedings of the United States Nuclear Regulatory Commission's Advisory Committee of the Stakeholders Conference on October 24, 1996, as reported herein, is a record of the discussions recorded at the meeting held on the above date.

This transcript has not been reviewed, corrected and edited and it may contain inaccuracies.

UNITED STATES OF AMERICA

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NUCLEAR REGULATORY COMMISSION

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STRATEGIC ASSESSMENT AND REBASELINING

STAKEHOLDERS PUBLIC MEETINGS

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BUILDING PUBLIC TRUST & CONFIDENCE SESSION

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THURSDAY,

OCTOBER 24, 1996

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WASHINGTON, D.C.

The Building Public Trust and Confidence Session was held in the Lincoln Ballroom of the Washington Hilton and Towers at 1919 Connecticut Avenue, Northwest, at 8:00 a.m., Chip Cameron, Special Liaison, Office of General Counsel, NRC, presiding.

PRESENT:

CHIP CAMERON

DOUG BROOKMAN

JOHN W. CRAIG

JAMES L. MILHOAN

JESSE L. FUNCHES

JAMES JOHNSON

PRESENT: (Continued)

LAWRENCE J. CHANDLER

EDWARD L. JORDAN

STUART D. RUBIN

FRANK MIRAGLIA

KEN ALKEMA

JOHN CARTER

JUDITH JOHNSRVD

KATIE SWEENEY

TOM CRITES

DENNIS BECHTEL

JANE FLEMING

JIM RICCIO

ROY BROWN

CLAYTON HINNANT

RICHARD RATLIFF

DALE YEILDING

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

(8:17 a.m.)

MR. CAMERON: We're going to get started now, everybody. Good morning and welcome to all of you to the first Stakeholders meeting on the Nuclear Regulatory Commission's strategic assessment process. My name is Chip Cameron. I'm the special counsel for public liaison in the Office of General Counsel at the NRC. And I and my colleague, Doug Brookman, from Brookman, King Associates, are going to be serving as your facilitators this morning and for the rest of the meeting.

Before we get into the substantive parts of our program, I'd just like to go over a few ground rules and give you an idea of what the agenda is going to be like for the next two days.

We really have a unique opportunity over the next few days to discuss some fundamental issues related to the NRC's mission with each other and to listen and learn from one another. And as much as possible, I'd like to encourage interaction between all of you, including the NRC staff, on these issues. We're, of course, interested in the positions that you may have on the various issues that we're looking at, including the Commission's preliminary choice of options on these issues.

But, the value of this type of public forum is

as a constructive exchange of information and ideas among all of us. And Doug and I are going to try to assist all of you in achieving that objective of constructive interaction. But it really depends on all of you on how successful we are in reaching that goal. And we encourage discussion, not only between you, the audience, and the NRC, but among all of you. And the NRC staff is here to listen to your ideas, to your comments, and to provide those ideas to the Commission for the Commission's use in their final decision making on these strategic issues.

I wanted to suggest a few guidelines for us, for use during the meetings. After the NRC presentations on a particular issue, we're going to turn to you for comment on that issue that's been discussed. If you want to speak, raise your hand. We'll recognize you. Please go up to a microphone. We also have these hand held mikes and Doug and I will be going through the audience with them, also, to try to help you out. State your name so that the transcriber can get that for the record, and if relevant, your affiliation, what organization you represent.

There are also, I believe, if anybody does not want to speak but does have a question, we will -- just write a question and we'll also take questions through that route. We would ask you to be courteous of the

person speaking and only have one person speaking at a time.

We're focusing as much as possible on the four questions that the Commission specifically requested comment on. And we have those over there on a flip chart for everybody. Basically, what, if any, important considerations may have been omitted from the issues paper? How accurate are the NRC's assumptions and projections for internal and external factors that are discussed int eh papers? Do the Commission's preliminary views associated with each issue paper respond to the current environment and challenges? And, last, the Commission is seeking comments on specific questions identified in the preliminary Commission view section of each Commission paper.

We would ask you to try to be constructive. Rather than just critique a particular option, we would challenge you to try to come up with a solution to the particular defect that you see in the issues paper. We don't have unlimited time. I'm not going to set a specific time limit on individual comments. But obviously we may have to limit comments and I may have to ask you to sum up your comments so that we can give other people an opportunity to talk this morning.

And, I also recognize the need that we have to

equitably share the air time over the next two days among the various stakeholder interests that are represented here today. We have a lot of people from the industry. We have some people from state governments. We have some people representing citizen groups and environmental groups. I want to give everybody a chance to at least talk once, possibly more, during these sessions. We don't have an overwhelming crowd so that I think we can allow people to talk and to say what they want. But I may go back to particular stakeholder interest, representatives from those interests that are under represented so that we can give them an adequate and equitable share of the discussion time over the next two days. And I thank all of you for your consideration in advance on this.

In terms of the agenda, I just wanted to just go over that briefly so that you can get an idea of what we're going to be talking about when. The opening session this morning is going to be on the strategic assessment process itself. And, we're going to talk about all phases of the strategic assessment process, including the preparation of the strategic plan.

After that opening session, we're, depending on what time we get done, we are going to take a break some time this morning and it may that it will be appropriate to do that after the opening session. We'll

see how we're going with that. But, the first set of substantive issues that we're going to be discussing this morning, it's on your agenda from 9:15 to 11:30, is in the strategic arena of building public trust and confidence. And we're going to be talking about three direction setting issues in that session.

After that, we're going to break for lunch. And this afternoon we're going to have two concurrent sessions. One is going to address the safe use and handling of nuclear materials and you'll see the issues papers that we're going to be discussing in that session. The second concurrent session is going to address two different topics. One are international issues and the second is research issues. So, those will be concurrent sessions.

Tomorrow, we're going to get started a 8:00 o'clock. The morning's session is going to focus on nuclear reactors. And after lunch we're going to be running, again, two concurrent sessions. One that looks at nuclear waste and the second concurrent session is going to be on managing NRC finances which will look at fees and related issues.

Now, I just have a few housekeeping announcements for you. There is a message board outside across from the registration desk. There is a number of

ways to -- besides participating in this meeting, there are a number of ways to give comments to the Commission on the issues papers. Obviously, you can use -- you can submit them electronically and in hard copy. But, we also in the Georgetown West room we have a video camera if you'd like to get yourself on film. I think we have a special contingent that are going to be reviewing all the video messages. But, there are also comment forms in the back of the program that you got this morning where you can write comments down. And there are boxes in the back of this meeting room and all the meeting rooms where you can put those comment forms in. If you need copies of the strategic issues papers, they are also in the Georgetown West room which I believe is two rooms down.

In terms of the presentations for each of the sessions, the view graphs for those sessions will be in the back of the room for that particular session.

And, with that, I guess I would just ask if there are any questions or comments on the guidelines, the agenda, any of the housekeeping items, before we go into a description of the strategic assessment process?

Good. Well, we look forward to an interesting two days. And again, we encourage you to be interactive over the next two days.

And with that, we're going to go into the

strategic assessment process. And we have a panel. Our first speaker is going to be Jim Milhoan, Deputy Executive Director for Operations and also co-chair with Dr. Jim Johnson of the Strategic Assessment Steering Committee.

We'll next go after Jim is done to John Craig who is going to discuss phase II of the strategic assessment process. John is the manager for phase II of the strategic assessment process.

And, the last panelist this morning is Jesse Funches who is Deputy Director of our controller's office and he's going to talk about preparation of the strategic plan.

So, with that, I will turn it over to Jim Milhoan.

MR. MILHOAN: Thank you, Chip.

This morning I will attempt to discuss an overview of the process that we've done in the strategic assessment and rebaselining process. And I will also turn it over to John Craig to discuss a little bit more the phase II efforts and the stakeholder process. And, as Chip said, Jesse will then discuss the strategic plan and phase III, and activities in phase IV. But I will give you a brief overview of the process that we followed to date.

I think you recognize the environment in which

the NRC conducts its activities is rapidly changing is a result of many influences. These include resource constraints, changes in the industry that the NRC regulates, and the potential for a new and revised mission requirements. Also, in order to accomplish regulatory effectiveness, the agency must continually reassess changing technology, accumulated safety experience, and improve assessment techniques for both the reactor and the materials program. Only by being prepared for the challenges of a changing environment will the agency continue to keep its health and safety mission in sharp focus.

With these challenges in mind, Chairman Jackson established the strategic assessment and rebaselining initiative. To oversee this activity, the strategic assessment and rebaselining committee of senior managers of the agency was formed. That steering committee is made up of senior agency managers from the program offices in the agency. As Chip said, Jim, myself, and Jim Johnson from the Chairman's office were co-chairs of the steering committee. Also on the steering committee, and many steering committee members are here today, were Karen Cyr, the general counsel, and Larry Chandler assisted. Larry Chandler's assistant general counsel in the General Counsel's office. Jesse Funches,

the deputy controller on the committee. Ed Halman from admin, a senior manager in admin. Ed Jordan, director of AEOD. Malcolm Knapp, Deputy Director of NMSS. Mo Levin, Deputy Director of Information and Resources management office. Jim McDermott, Deputy of the Office of Personnel. Frank Miraglia, Deputy Director of NRR, now Acting Director of NRR. Luis Reyes, Deputy Regional Administration in Region III represented the regions on this effort. Jack Silber from the Chairman's office was also on it. Themis Speis, Deputy Director of the Office of Research was on the steering committee. And we also were assisted by a support staff. And I might be remiss, also, Jim Shea from the Office of International Programs was also on the support staff but also took a greater role and was a sponsor for the international programs paper. And you'll hear from Jim later in the day for his efforts.

But, we were assisted by that. We also had a contractor, Public Strategies Group, to assist us in our efforts. In addition to that, we had a large -- we had considerable number of staff members who, in the phase II effort, acted as writers of the issue papers we will discuss throughout the day. And some of those writers are also available.

(Slide change.)

I'll provide an overview of the four phases of

the project that we had. We had a four phase project and I'll briefly discuss the four phases of the project and those will go into a little greater detail in this morning's session.

The first phase of the strategic assessment, which was an assessment process, began in August of 1995. The steering committee began with a bottom up approach for assessing where the agency is today with an examination of current NRC functions and activities. The steering committee requested the staff to provide at the lowest organization level each activity being presently performed by the NRC as well as its basis. In other words, a statute, a regulation, Commission guidance, what is the basis for the activity being conducted. And also, the offices were requested to describe the primary internal and external factors that are expected to affect the agency's performance of these activities in the future.

The staff assessment included approximately 4,500 activities which the steering committee reviewed to thoroughly understand what the agency is doing, why the agency is doing it, and what factors must need to be considered in providing options or change. The steering committee organized the activities by major functions in lines of business. This was done to consolidate similar activities and to render our assessment organizationally

neutral.

Based on this information, the steering committee applied a top down strategic thinking to define issues where resolution will influence the future direction of the agency. After identifying the strategic issues, the steering committee considered them in an integrated fashion. First, the individual strategic issues were arranged in logical groupings of related issues. The groups were then examined to determine if a predominant issue existed within each group.

The predominant issues are referred to as directional setting issues because their resolution, taken together, would establish the NRC's strategic direction for the future. Resolution of the DSI's will provide the strategy for the agency to meet its strategic vision and goals. DSIs were developed into decision papers which are referred to as issue papers and this was the phase I process that we followed.

In phase II, which built on phase I, issue papers were developed and the issue papers are intended to provide broad direction -- to obtain broad direction from the Commission. The issue papers described the background of the issue, the internal and external factors the Commission may wish to be aware of when considering options for resolution of the issue. The issue papers

also provide the Commission with policy options related to the issue.

It should be noted that Chairman Jackson encouraged the steering committee to develop innovative options that are not constrained by existing practices or organization structure. Additionally, in some issue papers certain options could be considered to be extraordinary.

While the Commission is unlikely to select these options, these options have been retained in the issue papers to illustrate for the stakeholders the breadth of options that were considered. Additionally, in the preparation of the issue papers, the Commission requested in developing a rich set of options that the role of the steering committee was to do that. The steering committee was not requested to provide a preferred option to the Commission for its consideration. Rather, our job was to develop a set of options for the Commission to select its preliminary views from. So, those are the Commission's preliminary views and not a set of steering committee recommendations.

Feedback from NRC's various stakeholders continue to be an important aspect of evaluating our regulatory program. The primary goals in acquiring stakeholder comments are to obtain views for Commission

consideration in reaching final decisions on the issue papers and to determine whether the agency has omitted any important consideration or issues.

And then, that leads us, really, into phase III. In phase III, the strategic plan will be developed from the agency's mission statement, strategic vision, general goals, and the Commission's decisions on the issue papers. The development of the strategic plan will be guided by the requirements contained in the Government Performance and Results Act of 1993. The strategic plan will be the agency's tool for setting priorities in allocating resources consistent with the vision and goals of the agency. Then we lead into phase IV.

Phase IV is the implementation phase and will begin as soon as the Commission makes its final decisions on the issue papers. The implementation phase includes implementing the Commission's decisions based on the issue papers, generating Commission papers to resolve related strategic issues, and complying with the Commission guidance based on the strategic plan.

The implementation phase will also include development of a frame work that allows for updating of the strategic plan and for integrating the strategic plan into the budget process, performance monitoring, and recording processes, and the process for develop of future

Commission decisions.

At this time, I'd like John Craig to discuss further the phase II process that we're now in.

John.

MR. CRAIG: Good morning and welcome to the first external stakeholder meeting.

Jim has talked a little bit about phase II and I'll try and give you some more insight into just what happened in phase II.

There are two, in my mind, milestones for Phase II. The first one was a completion of the issue papers so that the Commission could define its preliminary views. The second milestone is to conduct a series of interactions with internal and external stakeholders to get stakeholder comments and responses on the issue papers, the preliminary views, the factors that are contained in those issue papers. And we hope to get your comments and views on each one of those over the next two days.

As Jim said, phase II started with a large number of staff members working on issue papers. We broke out into think tanks which were brainstorming sessions to talk about various options for each one of the issue papers. And some of the options that are in the issue papers you may think are a little extraordinary but we

tried to stimulate discussion of options that were out of the box and outside the norm of the considerations that we would use to choose an option. So, we tried to eliminate the choosing of an option and separate that, and try to define a spectrum of options. And by doing that, then we got a lot of good discussion about various factors associated with implementing different options.

So, as you see, some of the issue papers, it's not intended to be the only options in an issue paper, rather, to define a broad set of options and a number of the Commission's views in fact reflect choosing bits and pieces of different options and things in the middle.

We started with the direction setting issues from Phase I, conducted the think tanks, defined options for each one of the issue papers, and then broke out off into groups to write the various issue papers. There are 16. There were initially 24. As the Commission reviewed the 24 issue papers, they made a determination that some of them could be combined with others. Some of the issue papers related to issues that are more appropriately addressed after the decisions are made concerning the first 16. And the next two slides I'll run through the various issue papers, the 16.

The strategic planning and frame work document grouped the issue papers in strategic arenas. And that's

a little bit of an artificial grouping. Some of the issue papers, risk-informed performance-based regulation, clearly cuts across all office activities. There are others -- issue papers that cut across different offices. So, there's not a clean, neat right or wrong way to break the issue papers up. But by grouping them in strategic arenas, it helped think about them in the same context. And that's the grouping we've used for the external stakeholder conferences.

The third other key document associated with strategic assessment documents is a stakeholder involvement process paper. And quite simply, that's the paper that tells people how to give us comments and how to get copies of the various issue papers. We've made an extensive effort to make these documents available to both the public and the staff. They're available on the Internet. They're available on FedWorld. They're in public document rooms. We had a lot of requests for them and we can tell by looking at the number of times the papers have been accessed on the Internet that they're receiving large numbers of people looking at them. And they're all available.

And as Chip said, the issue papers, and the other two documents, are available two rooms down.

This is -- Phase II represents a unique

process for the NRC, from my perspective. It's the first time, I think, the Commission has gone out and solicited comments from the public and the staff before it's made final decisions. I mean, we have the rulemaking process that most of you are familiar with and that's well defined. But, to seek comments to this extent during the process is somewhat unique and it's an opportunity for all stakeholders to comment on the preliminary views.

Following the assembly of the -- and review of stakeholder comments, the Commission will make final decisions on the issue papers. And as Jim Milhoan said, those are going to be used in the development of the strategic plan. So, by holding the meetings with stakeholders, by providing access to the documents and soliciting comments, we're really getting the stakeholders to help us as we prepare our strategic plan.

(Slide change.)

The next two slides list the titles to for each one of the 16 DSIs that we're going to discuss overt the next two days. I'm not going to read them all to you. I'm sure you're familiar with them. The one point that I want to make is that the ones that were combined with other DSIs, there were a couple that were combined into 12, Risk-informed, performance-based. That we had some DSIs on staffing and organization. Those DSIs will be

addressed after the strategic plan is developed.

(Slide change.)

We've already completed a series of meetings with the NRC staff, both in Washington and in each one of the regional offices, and had some rather interesting discussions. And one of the responses that we got was a little bit of surprise that the staff was being asked their individual comments on these kinds of issues at this point in the process. And as I said, that uniqueness, I think, represents really a recognition -- not the uniqueness but the questions represent the realization, the recognition, that this is a different process. We're trying to interact and communicate with our stakeholders in a very different way.

We have three more external meetings planned. Two more, I'm sorry. This one, today and tomorrow, one at Colorado Springs next week, and the first week in November we're going to be in Chicago with the same agenda and with the same basic discussion.

I'll spend just a couple of minutes talking about the review of comments. The comment period closes November the 15th. We're going to collate and review all the comments that we've gotten. These meetings are going to be transcribed. Chip mentioned the comment forms. We're getting comments via the Internet and E-mail. All

of the comments are going to be reviewed. They're going to be assembled in something we're calling a stakeholder interaction report. There will be a brief analysis of the comments. We'll try and identify those we think the Commission should pay particular attention to as it makes final decisions, and, provide the Commission with copies of all the comments. The transcripts and hard copies from the electronic comments that we've gotten and copies of the comment forms that are filled out.

The interaction report will be available to everybody, internal and external stakeholders. We intend to put it up on the Internet and it will be available in the public document room.

So, that's a brief overview of where we are in Phase II. The next significant milestone in the strategic assessment rebaselining initiative will be the development of the strategic plan. And Jesse Funches will talk about that for a minute.

MR. FUNCHES: One of the key outputs of the strategic assessment and rebaselining will be an NRC strategic plan. As Jim and John have been talking about earlier, the Phase I and Phase II efforts will provide the foundation for that plan. Another important input to the plan will be the comments that we receive from the stakeholders meetings such as the one we're having today

and the written comments. So, those comments will be an important component of the Commission package for decision.

We see the strategic plan as a document that sets the direction for the NRC for the next five to ten years. We expect that document to be relatively short, on the order of 30 to 40 pages. It would include fir thing is a mission which basically explains the purpose of the NRC provision, that explains where we want to be in the future, a set of principles, goals and objectives, and strategies that we expect to develop along the lines of the arenas that have been mentioned earlier. In developing those strategies, the Commission's preliminary views and final views, and the issue papers plus the comments, are going to be an important component of that.

As Jim mentioned earlier, we are also required to meet the requirements of the Government Performance and Results Act. In summary, what that act requires is that we do have a strategic plan for the purpose that I mentioned earlier. We also are required to have a performance plan that would be integrated with the budget which would have performance goals on an annual basis and performance measures to go with those goals. And lastly, we would be required to have a performance report.

The strategic plan is we are -- we expect to

have completed in time to drive this year, fiscal year 1999's budget and performance plan. And both the strategic plan along with the budget and performance plan will be submitted to OMB and Congress in September of next year.

We don't see the strategic plan as being static. We will have a process in place that we will periodically update the strategic plan, looking at the external environment, internal environment, to see how those environments are changing and adjusting our strategies to be consistent with those. We do expect the strategic plan will be a public document. And, as always, input comes in from the public on that document, we will be considering those in the update.

The last part of the Phase IV of the strategic assessment and rebaselining, as Jim mentioned, is the implementation. We do know one known output -- one known requirement will be a budget and the performance plan that I mentioned earlier. Other implementation, activities, and action will be determine as decisions are being made on the strategic plan and the issue papers.

(Slide change.)

And I think this may help, also, as we look at the issue papers and decision. What we see the strategic plan as being, as I mentioned earlier, is a brief document

to guide our program and resource decisions on all levels of the agency. It would not specify what those programs are, or activities we would perform, or the resource levels that we would have. But, it will guide our decisions on those aspects.

It would delineate our important goals and objectives for the agency. It would be agency-wide goals. Not individual organization unit goals but those goals that we will be striving to achieve as an agency. And as I mentioned earlier, it will be a living document periodically updated based on changes in the environment and other factors that might come to light. Or whether if a strategy is not working the way we would like it to work, we obviously would adjust those strategies.

It is not a budget nor is it a detailed tactical plan, nor will you see or we expect to list the agency activities. Or will it explicitly cover all agency activities. But it will provide a frame work for making decisions about all agency activities.

With that, that's all I have. I turn it back over to Chip.

MR. CAMERON: Thank you very much, Jesse.

Before we turn to all of you out there, there is just a, I guess, a couple of things that I would highlight for you.

As John mentioned, the comment period closes November 15th. WE do have two more stakeholder meetings. One in Colorado Springs and one in Chicago, and if you need information on that, we have information.

On that, the meeting, this meeting, the other stakeholder meetings, will be transcribed and the transcripts from these meetings will, I believe, be available on the Internet as part of the stakeholder interaction report. So, it will all be there for you.

And, finally, I guess that one other item that should be mention is that the Commission has been assisted in the stakeholder -- or, in the strategic assessment process by the Public Strategies Group out of Minnesota. And Steve Struthers is here from PSG today.

And I guess that we'll go to you for any questions or comments that you might have on the process itself.

Does anybody have a question or a comment on the process?

Yes? Go ahead. That's great.

MR. ALKEMA: Yes. On the process --

MR. CAMERON: And could you give your name and affiliation, please, sir? Thank you.

MR. ALKEMA: Yes. My name's Ken Alkema. I'm with Envirocare of Utah.

And the question I had is, many of the options that are contained within a lot of the issue papers talk about options that cannot currently be implemented by the Commission. They require significant statutory changes. And I wondered how -- I got the impression as you talked this morning that many of the things normally in a process before the Commission takes action, this wouldn't necessarily have to occur. But it seems like on those kinds of issues the Commission really isn't the body that's going to be making those decisions. It's going to be someone else. And I wondered how those particular options were going to be considered and moved forward?

MR CAMERON: That's a good question.

Jim, would you like to handle that?

MR. MILHOAN: First of all, yes, I think I'd like to, Chris.

First of all, with respect to that, if the Commission -- these are broad direction setting issues. If the Commission were to select other than what it had in its preliminary views and options in which legislation was required, obviously we would prepare proposed legislation which would go forward.

If we have -- and that would go through, obviously, a legislative process of its own which is a normal course of action and that would be noted.

For other parts of the views, if they were selecting views and which required changes to the regulation itself, obviously those regulation changes would go through a review and comment period and changes to our own regulations. So, there would be other public involvement in our normal regulation review and development process. So, in the implementation details, obviously there would be opportunity for other public involvement. Right now we're dealing with very broad directional setting issues which implementation details would have to follow.

MR. ALKEMA: Thank you. Appreciate it.

MR. CAMERON: Anybody else with a question or a comment about the process? I think it was important that Jim underlined the fact that some of these options, if they do require changes to the Commission's regulations, then -- or the development of a policy statement, that the ordinary, and in some cases the additional, public participation processes would be followed for those policies or rules.

That's great. Everybody understands the strategic assessment process. So let's -- why don't we get -- since we are on time, why don't we get our next panel up here to begin a discussion on the first set of substantive issues in the first arena. And I believe it's

going to be Larry, Larry Chandler, Ed Jordan.

And we are getting the papers for everybody so that we'll give you a couple of minutes here so that those will be available for you while the presentations are being made.

MR. MILHOAN: I think, Chip -- what Chip said was we're placing slides -- For each session, we will have slides. Our presenters will be operating off slides and we're making those slides available prior to each session in the back of the room so that you can obtain copies of the slides and follow the slides through the presentation.

MR. CAMERON: Okay. We're going to get started again. We will take a break after the first paper in this session which is going to be presented by Larry Chandler of the Office of General Counsel. It's paper #14, Public Communications Initiatives. What I would plan to do during this discussion this morning is to have the NRC presentation of the issue paper, and then we will have discussion on that issue paper. Then we'll go to the next issue paper and have discussion and then to the last issue paper and have discussion. But we will be taking a break after Larry's presentation. There is coffee available. Doctor Johnsrud will be glad to hear that. Right? So let's turn it over to Larry for a presentation on Direction Setting Issue #14.

MR. CHANDLER: Thank you, Chip. It is perhaps just a bit of irony. My subject is going to be public communication. I'm just several days past a bout of laryngitis, so if I fade, please bear with me and certainly my laryngitis will kick in if I don't like any of the comments I hear.

Some of the comments that we've received suggest that even the language we've used in the papers, the issue papers that we've written have been excessively bureaucratic. I think somebody even suggested that we've adhered too rigidly to the adage that in mining for gold one has to sift through three tons of muck and mire before one gets that one ounce of gold. But public communications is an area in which the agency has been working for many years to improve its abilities to inform and correspond with the public, and I mean the public in a very, very large sense.

The DSI's name should be indicative of the way in which we're approaching the issue. The DSI 14 suggests What approach should the NRC take to optimize its communication with the public and, in fact, is a subsumed issue which deals with increasing the level of knowledge of the public. It recognizes, I think, in the statement of the issues the fact that the agency has a long history of effort to communicate and inform the public, but at

this stage we need to focus our efforts, perhaps better integrate our efforts, perhaps better focus on the most efficient and most economic ways in which we can correspond and communicate with the public so that the public, again in its very broadest sense, understands what we're about and we can appreciate better what the views and perspectives of the public are.

The business of nuclear regulation is, after all, the public's business. It must be transacted publicly, it must be transacted openly if we're to have any credibility at all with the public and, again, public in the very, very broadest sense. Our actions and the bases for our actions must be available. They must be understood, they must be articulated as clearly as possible.

Historically, the Commission itself has conducted its meetings in the open. Even before the Sunshine Act, Commission meetings were frequently if not routinely open to the public. Licensing and enforcement proceedings, formal adjudicatory proceedings, have been open to the public and the public at those proceedings has had the opportunity to participate as well as simply to come, attend, and observe.

We maintain public local document rooms near facilities, particularly in connection with the reactor

sites, so that the public has access to relevant documents and information. We maintain a public document room downtown, a central public document room in Washington, D.C. We have maintained an Office of Public Affairs to assure that the public is kept informed, that the media, all types of media, are kept informed. We've increased the abilities and the range of options for communicating through the Office of Public Affairs as technology has advanced.

Activities are maintained through the Office of Public Affairs with schools that we have programs, cooperative arrangements with schools through which employees go out and speak to students. We have consumer groups that we interact with and local civic associations before whom many NRC employees speak, both in headquarters and on a regional level.

There's an Office of Congressional Affairs. The Office of Congressional Affairs maintains liaison with Congress, both in connection with congressional oversight activities and congressional legislative activities. The agency has long had a process. It's known as the 2.206 process perhaps. But it's one by which any member of the public can request the initiation of enforcement actions related to any license facility for pretty much any reason. All those requests require a somewhat ritualized

or formalized process in which the views are considered, assessed, and in 2.206 a formal decision is issued by the director of the relevant program office. It's a published decision. That process, as many of you know, has recently been enhanced to make it more meaningful hopefully to both the staff and the individual making the request as well as the public at large. There's more interaction provided for.

In addition, of course, to these formal types of actions, the agency regularly and very frequently corresponds with members of the public who simply write in, correspond, and raise questions. And, of course, we've maintained an allegation management system for any number of years, very recently establishing a position of Agency Allegation Advisor to coordinate all of the agency's allegation review processes. Sure, it receives appropriate attention.

As I started to indicate, some of the steps that I've just described are required by law. There's no question the Sunshine Act requires that public meetings be conducted or that most meetings be conducted in the public, open to the public. The Atomic Energy Act and the Administrative Procedure Act have their own requirements for public disclosure and public access to information. Public hearings are required. The Freedom of Information

Act requires that agencies publish certain information in *The Federal Register* and make available to the public for inspection and copying agency records through the Privacy Act. It's legislation such as the Federal Advisory Committee Act which also requires that certain meetings be open.

And, of course, there's been recent legislation such as the Paperwork Reduction Act of '95 and the Information Technology Management Reform Act of '96. That's the legislation that requires the establishment of a Chief Information Officer at the NRC which clearly will affect the way in which the agency communicates with the public, the way in which information is made available to the public access to it. You have OMB Circular A-130, a recent administration directive which also has bearing on public access to communication.

And, in addition to those things, those which are required by law, the agency itself has gone beyond those steps. Historically, it has and it continues to do so. It maintains, for example, public liaison and outreach efforts. Chip Cameron here has been responsible for many of those outreach efforts. The 2.206 process is one that's really not mandated by law. There's now a regulation that codifies it, but it was a step that the Commission took on its own initiative some years ago to

provide this avenue.

Earlier this year, the Commission, in response really to some administration interest in I think it was the '93 time frame, the Commission in January of '96 issued a report of public responsiveness. As many of you know, in 1993 the administration, I think through Vice President Gore, had sort of challenged agencies to look into the way in which they respond to the public. The Commission did an assessment of its activities as a document which is NUREG/BR-0199 issued January '96 entitled Responsiveness to the Public and it outlines many of the steps the Commission takes, is taking, and will take to improve its interactions with the public.

The Commission publishes many public brochures so that the public is informed of what is available and how they can access information. There's a Citizen's Guide to U.S. Nuclear Regulatory Commission Information. In April of 1996, the Director of the Office of Public Affairs published a brochure on public involvement in the regulatory process which are available to the public, explain the processes and options and opportunities available for public interaction.

And while we've done a great deal historically and will continue to do so in response to experiences we've had, there are some things that have suggested and

caused the Steering Committee to look further into how we can, as I said at the outset, optimize what we're doing. What we're doing today tends to be diffused throughout the agency and perhaps it requires some better integration. We've seen increased use of Internet and e-mail. It certainly raises new opportunities not previously tapped or tapped as far as they perhaps could be.

I mentioned some of the earlier legislative and administration initiatives. OMB Circular A-130, for example, requires that certain steps be taken to optimize access and consider efficiencies and effectiveness of communications with the public. The Information Technology Management Reform Act and the creation of the CIO, Paperwork Reduction Act of 1995. We've had recent experiences. Again, Chip Cameron was involved in the enhanced participatory rulemaking. We've used a process called RULENET, an electronic medium for conducting a rulemaking process in connection with fire protection requirements. There's been increased use of citizen boards and groups in connection with site decommissioning activities.

At the same time, we also are keenly aware of some of our less successful moments such as, for example, the efforts in below regulatory concern in the early 1990 time frame. Not really a landmark of success for the

Commission.

The Steering Committee suggested a number of options. First, we suggested that an approach would be simply to continue the direction we were headed in. That's not stagnation. That doesn't mean things would come to a halt. Progress certainly would be made. There would be innovative steps taken to enhance the processes that were being used to communicate with the public. All legally mandated measures would continue to be taken. Improvements would be made. But it would be a much more evolutionary process. It would be reactive, which is the way in which, as a practical matter, the Commission has responded to these areas.

We added to that as a sort of a variation, we tended to call it Option IA, which was to continue with the existing approach but be more attentive to issues such as effectiveness and erficiency in the way in which we conduct our communication activities. We considered as yet another option ways to better anticipate what interests and concerns the public may have. More of a direct early involvement with the public so that we're better able to respond and anticipate the concerns that may be out there, anticipate the areas of interest and information needs, and provide for them at the front end of the process.

It would also encourage the use of less formal types of procedures. It would encourage the use of other than adversarial procedures for dispute resolution. Informal dispute resolution procedures, for example. Increased public outreach, increased public liaison efforts. And finally, as a third option, we considered whether greater priority should be placed on what I would refer to as educational steps. Affirmative action to go out and actually educate the public. Inform them of what we're all about, how we go about doing business. We have seen that on a very large scale the public may not fully understand what we are about. Our historic approach has been to respond to questions. Wait for them to come in. Under Option 3, we'd be more aggressively pursuing the public to inform them of how we go about doing our business.

If I could have the next slide. The Commission then in its preliminary views as a general proposition supported the approach that I sort of described as our second option, namely to give greater priority to the early identification of public concerns. I think it's very notable and very significant in this context that the Commission was very adamant in insisting that the term public be given its very widest definition. It's to include public citizens, interest groups,

licensees, states, media, the Congress, the executive branch, and the international community.

In addition, the Commission also as a preliminary view directed that we take account of the effectiveness and economies associated with our communication programs. As I mentioned earlier, they tended to be diffused throughout the agency. They're not particularly well-integrated. Perhaps that will change with the advent of the Chief Information Officer, but certainly it's something that will be receiving greater consideration if this is the direction the Commission tends to head under this direction setting issue.

We also will be giving greater consideration to the economies and efficiencies associated with the methodologies, the media that we use to communicate. As I mentioned, we're using e-mail more frequently. We're using Internet more frequently. Bulletin boards, RULENET. Those types of processes may or may not be the most effective way of corresponding and communicating with the public, either in reaction and response to the public or proactively in advance to inform and involve the public. But what we perhaps need to be doing is better thinking how we can best on each matter communicate with the public to make the use of our very limited resources more efficient and effective.

Chip, with that, I will turn it back to you.

MR. CAMERON: Thank you, Larry. Let's go out to you in the audience for comments on this particular issue of increasing public communication. Larry covered a lot of ground, presented a lot of ideas. Does anybody have a comment, question on public communication at this point?

MR. CARTER: My name is John Carter and I'm with the law firm Carter and Hernman. I was just wondering what was done in the Phase I process to include stakeholder comments or if there was any scoping done with stakeholders to help identify the process or issues that have been essentially proscribed now?

MR. CHANDLER: The Phase I process did not include stakeholder involvement except for in which we might broadly refer to as internal stakeholders in the following sense. I think it was described earlier by John Craig and Jim Milhoan. The Phase I process started with an accumulation of the activities that were performed within the agency and to accomplish that we solicited the input literally of all employees within the NRC to determine what functions were being performed and why they were being performed, the bases, either the legal bases derived from the statute regulation or Commission directive or whatever. After those were compiled, we

developed lines of business and functional areas from those. But again, this was an internal process under the auspices of the Steering Committee with the support of the NRC staff.

MR. CARTER: It just seems that perhaps the entire process is perhaps proscribed by the NRC itself due to the fact that stakeholder involvement was not included in that Phase I process of issue identification, process identification, and the fact that there currently wasn't any scoping done with stakeholders.

MR. CARTER: That's in fact one of the issues that we're asking for comment on. The question is, have we omitted issues. That's exactly what we're asking for input. In the Phase I, bear in mind, as I say, in terms of identifying the activities, it was thought best to go to the NRC staff, they being the ones that were actually performing the activity. What then flowed was the process of developing issues. We try to be as broad and creative in response to the gentleman who had asked the question earlier about legislative types of options. We try to be creative and not limit it to those which were necessarily implementable under our existing authority but more broadly whether there were desirable ways of approaching it, even if it meant seeking legislation.

In part of this process now, the stakeholder

process now, we are actively encouraging everyone to contribute to the process by suggesting areas. We try to be inclusive but now we'd like to know are there things that we have missed.

MR. CAMERON: And I think that perhaps the point of the question for people to think about is what can the NRC do in terms of the strategic assessment/strategic planning process in the future to increase stakeholder involvement and perhaps if we have some time before we break this morning, we may come back to you and to other people for suggestions along those lines.

I guess the other thing I would just clarify is that when we talk about stakeholders, we're talking about all of the subgroups that make up the public. The emphasis here is on public interaction. The general public, but also citizen groups, industry, government, tribal interests, whatever.

Judy, we're going to give you a chance to think for just a couple more minutes and go over to this side.

MR. RATLIFF: Richard Ratliff representing the Organization of Agreement States. As you know, there are 29 agreement states with the Nuclear Regulatory Commission and the Organization of Agreement States represents these

29 states and their collective views. In reviewing DSI 14, we can not totally concur with the views of Option 2. We feel the best approach would be a combination of Option 2 and 3. Option 2 is directed towards helping NRC make informed decisions that are accepted by the public whereas Option 3 increases efforts to inform the general public and the media about NRC.

By combining both, there is flexibility to identify and address public concerns, offer diverse public outreach activities in publications the general public and the media need to know and offer the facilitated meetings, electronic conferences and video conferences necessary to provide information that licensees and agreement states demand and that the public and the media are interested in. The content of any information disseminated by NRC should be beneficial to all parties.

Combining Option 2 and 3 to anticipate, involve, and conduct general public outreach, NRC will have an interactive approach that helps participants understand each other's views and helps NRC progress towards informed decisions and at the same time will provide information to the public that helps them understand the regulatory process, NRC's decisions and, in fact, basic radiation in general.

Thank you.

MR. CHANDLER: Thank you. That's very helpful. We had given some thought to that. We recognize in certain respects the attractiveness of some of what you're suggesting. It was balanced in some respects by some of the thoughts that we are in fact achieving, hopefully achieving some of that through increased outreach efforts under the existing process, even enhancing that a bit under the second option, as well. I appreciate that view. Thank you.

MR. CAMERON: Okay. Doctor Johnsrud.

MS. JOHNSRUD: Judith Johnsrud from Pennsylvania. There are two or three comments that I think are related, Larry. The 2.206 process is available, but the word I get from environmental groups around the country and citizen organizations is that it just don't work. I hear a very strong desire for a legal capability to citizen suits comparable with the provisions that apply to EPA, and I certainly would encourage that a lot of -- although it may seem that this increases the adversarial relationship, I think in fact that availability to make use of the courts of law would greatly enhance a sense of potential for effective involvement on the part of the public. One 2.206 after another gets denied, and the attitude of the citizen groups is well, it may be there but it's useless.

The second point relates to both the delight that the Commission has gone cyber for us and that documents are appearing on the Internet, but I would like to caution that by so doing I anticipate and I think I'm beginning to see a decline in opportunity for the availability of hard copy for those who may not be hooked into the Net, the shortening of turnaround response time because of the great speed with which communication can take place electronically.

Third and perhaps this is most troubling of all, that we've had a lot of trouble with environmental justice questions. The President has certainly tried to improve that situation, but it is a very real one. I sometimes meet with people at potential sites or existing sites who very frankly have a lot of trouble reading the English language, not to mention the fact that they can't afford several thousand dollars worth of PCs. This becomes a significant factor, and I think that it is, at least in part, correctable. But in moving toward more expedient means of communication, I urge the Commission not to lose sight of those who are old fashioned enough to use slow mail and maybe even write by hand.

MR. CAMERON: Thank you very much, Judy.

Larry, did you want to comment on any of that?

MR. CHANDLER: Just a quick observation. The

2.206 process that's now sort of regularized in one of the NRC's internal management directives -- I think it's 8.11-- is fairly recently revised. A number of years back it was recognized that it was certainly a high level of frustration on the part of the public in filing 2.206s and a perception, either valid or not depending on your perspective, of whether they were just routinely denied out of hand. The process now hopefully becomes a bit more user friendly. It requires greater interaction between the staff and the individual who writes in under 2.206 and makes the request on a periodic basis so that at least if the staff is unable to come to resolution in a very prompt way, the individual is kept informed of progress on the issue and knows what's happening.

There are occasions in which informal hearings can be conducted and the word hearing I use sort of loosely and emphasize the informal aspect of it. We're hopeful the process will work in that sense just from a procedural standpoint in better assuring the public that their views are being considered.

We're also trying to do something -- and again, we might see it differently. When we review 2.206s, we're trying to better characterize what, in fact, the staff has done and so now you'll find, I think, more decisions which indicate that the requests have been

granted, at least in part. What we're simply doing in those cases is recognizing that the staff has effectively accomplished what the individual has requested although it hasn't gone the full nine yards necessarily and agreed with the initiation of a formal enforcement action. For example, it's very often that requests come in saying the licensee has to analyze X, Y and Z and you ought to shut down the operation.

Well, in fact, in order to respond to it, the staff will request information or the licensee itself may in response because they are public documents, may undertake the very analyses that have been requested and certainly to that extent it's fair to say that the request has been granted although the ultimate relief may be denied. So the decisions are trying to be, I think, more forthright -- you may see it differently -- more forthright in the way in which they approach the subject.

I agree on some of the other subjects. It's a very difficult balance to strike, Judy, in dealing with the electronic media, and we recognize that there are limitations on people's availability. There are people who just don't like technology, whether they can afford it or not, and would just as soon receive a hard copy and not get bleary eyed. It's certainly better than reading microfiche. It's prettier than reading microfiche, but it

can be as offensive to people, too, and we do need to strike a balance.

MR. CAMERON: Let's focus a little bit on Judy's suggestion on the citizen suit. Larry, clarify this if you need to, but I take it that that would be one of those suggestions that would fall into that group of suggestions that are in the issues paper that would require some type of legislation --

MR. CHANDLER: Yes.

MR. CAMERON: -- to implement. There's also discussion of the citizen suit provision in Directed Strategic Issues Paper No. 2 on that issue. But how about anybody else out there. Anybody like to comment on the citizen suit suggestion that Judy made? Okay. Well, let's go on to other people. Do we have other comments on public communication? Yes.

MS. SWEENEY: Katie Sweeney, National Mining. I was just curious how the public was made aware of these issue papers. Was the October 7th notice in *The Federal Register* the first *Federal Register* announcement that these papers were available?

MR. CAMERON: Okay. This is a question that seems related to the first question that we had about public involvement in the strategic assessment process. John Craig.

MR. CRAIG: There have been a series of announcements in *The Federal Register*. Mid-September was the first one. We've also had a number of press releases go out concerning meeting the availability of the documents. We've had direct mailings with various groups.

MS. SWEENEY: Do you have the date of the September *Federal Register* notice because I must have missed that one. I went back and looked yesterday. It was the 16th?

MR. CRAIG: I want to say 15-16, right in that time frame.

MR. CHANDLER: It's around the 16th, John.

MS. SWEENEY: Okay.

MR. CAMERON: Did we get a specific answer to that? For the record, *The Federal Register* notice was?

MR. CRAIG: I believe the first one was the 16th.

MR. CAMERON: Of September.

MR. CRAIG: Yes.

MR. CAMERON: Okay.

MS. SWEENEY: Thanks.

MR. CAMERON: Yes.

MR. KRITZ: Tom Kritz, Lawrence Livermore International Lab. At the conclusion of this process, will there be a public comment document that records the

comments made and the resolution of those comments?

MR. CAMERON: Yes. I'll let John Craig answer that. I believe that there will be. Perhaps this is also a good time to hear from anybody who has any suggestions about how public involvement in the strategic assessment/strategic planning process from this point out might be enhanced. John.

MR. CRAIG: As I mentioned earlier, we're going to compile a document we refer to as a Stakeholder Interaction Report. Right now, it looks to us like it's going to be two documents, one which will be a summary organized by direction setting issue paper, and the other document or the other volume will be a compilation of the transcripts from the meetings. We'll have hard copies from all the public comments that we've gotten via the Internet, internal NRC people give them to us electronically, as well as copies of the forms that we're going to collect at all the public meetings. So all of the comments will be available.

The other part of your question addressed resolution of the comments, and as you may know, when we issue comments for rulemaking, we have a rather exhaustive effort that goes through to address comments, each one. We don't envision doing that for these comments for two reasons. One, we're going to try and give the comments to

the Commission so they can make final decisions and we're going to highlight those which bear directly on the decision as opposed to those which may be related to implementation details. The staff as they develop after the Commission makes a final decision, as they begin to implement it, then those comments will be available to the staff to consider during implementation. But in order to prepare the strategic plan in early '97, we just don't have time to go through and respond to each one of the comments individually the way we've done as part of the rulemaking process.

MR. KRITZ: Thank you.

MR. CAMERON: Any other comments on further public involvement in the strategic assessment process or public communications generally?

MR. BECHTEL: My name is Dennis Bechtel. I'm with Clark County, Nevada. This was mentioned that public notification was through *The Federal Register*. I think if you really want public involvement, I think you're going to have to go beyond that. Not much of the public really reads *The Federal Register*. I'm working on the Yucca Mountain program right now and I found out about this meeting by accident. I just happened to be back here. I don't know how many folks here are actually representing the public, but I think you're going to have to be a

little more innovative if you want public involvement. Newspaper advertisements or things like that may work. That's the comment I had.

MR. CAMERON: That's a helpful comment. I, for one, of course, read *The Federal Register* every day with my coffee. The Commission has used a variety of notification methods, and perhaps you're right. There could have been others. But I think NMSS newsletter and other office newsletters I think provided notice to licensees and many folks who are on the mailing list of the availability of this. It's been on Internet, as well. I guess you had to come to the NRC home page to find that out, but I think it is noticed there.

MR. CRAIG: I wanted to add to the response to the question and clarify an earlier answer because I've got the correct answer. The first *Federal Register* notice was in October. The September 16th was the first press release that was issued. So we have issued a series of press releases about the strategic assessment initiative as well as the availability of documents and the public meetings. About a week before each one of these meetings, we'll have additional press releases. In addition to that, as I've indicated, we sent out mailings to over 2,000 individuals and groups, a number of public interest groups, state groups, industry groups, and we've noticed

in their newsletters that they have a discussion of the strategic assessment rebaselining initiative, the public meetings, what we're doing and so there's a real shadow effect.

But you're right. As we try to figure out ways or identify ways to contact the public as a whole, that presents some real difficulties as the lady mentioned a minute ago. A lot of people aren't up on the Net and, unlike Larry, I don't read *The Federal Register* every day with my coffee. So it is hard to get the word out, but working the regional offices and our public affairs officers, I think, as we mentioned earlier, this is sort of the unique opportunity. We've made a very concerted effort to try and get the word out. But I agree it's an area we can work on.

MR. CAMERON: This is related to another issue that was at the heart of the issue paper, I think, at the terms of the unevenness of implementation of public communications strategies throughout the Commission. One of the options talked about, I believe, institutional changes that could perhaps correct that. I wondered, Danny, if you have any comments or suggestions about institutional mechanisms that the NRC might use to increase public communication or to make sure that it's more uniform throughout the agency. Go ahead.

MR. CARTER: John Carter again. I've had a lot of dealings with the Department of Energy and I think over the course of the last three or four years through their clean-up program primarily and the Office of Environmental Management they've done a lot of work in this field of stakeholder communication and stakeholder involvement and they've developed under Tom Grumley the Environmental Management Advisory Board which is a stakeholder committee made up of environmentalists, members of the public, state representatives and others who sit, as he used to call it, as his board of directors to advise him on public involvement and stakeholder issues.

I'm not aware of the NRC having anything like that, but that is one kind of institutional mechanism that the NRC, if it's serious about meaningful stakeholder involvement at an early stage of the participatory process, they might be interested in looking at.

And then just a follow-up. I asked the question earlier about stakeholder involvement in the early stages and now I'll simply make a comment that I do think the NRC should have involved the public in a more meaningful way and earlier on in the process and a lot of these questions, I think, that you're hearing now you may not have heard about. Well, we only heard about this a

few weeks ago. If the public had been involved in some scoping, as is done under NEPA in the development of EISs or some type of public outreach process that we're looking at strategic planning, we'd like your input, we'd like your involvement in developing a process and helping to identify the issues. I think there would have been more of a participatory sense among those kind of on the outside of the NRC. Thank you.

MR. CAMERON: Thank you for that suggestion. We do have several advisory committees that focus on relatively discreet issues within the agency but nothing such as the advisory board that you suggested, and I'd like to hear other people's comments about the feasibility, the efficacy of such an advisory board. Judy, to you have a comment on that?

MS. JOHNSRUD: Okay. Let me tell you, Chip. A number of environmentalists that I work with said they really didn't want to be here because it's called a stakeholder meeting and that takes us to your mention, Larry, of the increasing use of reg. neg. approaches. There is a deep concern among the public that these processes that bring a few of us who either have the time or are paid to be here really serve to close out the public, and we're seeing it across the board. We're seeing it at the state level.

As for the advisory groups, they really are kind of an extension of the same thing. They can be good. They can be very useful, but if they're just kind of held closely rather than really having a broad public involvement and representation.

There's another point. I drove down on my own dollars and whatever, and it's costly. People don't have the time and they don't have the money. It doesn't mean they don't want to participate, and I think that this is an area where the Commission, along with other federal agencies, maybe should ask Mr. Gore if he is around next year to work a little on how really to get more segments of the public very much more involved.

Moreover, I will say this. I kind of overheard a comment from someone from another agency saying, Oh, we got our little advisory group together and now we're going to be able to use that site and bring all sorts of unpleasant things to it. If that's really what that particular agency is doing, it will very quickly destroy even more the credibility of your agency.

MR. CAMERON: Thank you, Judy, and I hope that whatever the results of the election are that Mr. Gore will still be around next year, at least his family probably hopes that at any rate. But I think your point is well taken that the use of advisory groups, the use of

workshops with invited participants, that they do have to be truly representative of all the interests involved and they also have to be public.

Do we have some follow-up on these issues from anybody? Yes, Jane.

MS. FLEMING: I'm Jane Fleming. For some of the people here, they know I have enjoyed the full spectrum of public participation in one way or another, no matter what. Many of my experiences in being a member, pure member of the public and speaking to what Judy said about expense, I will guarantee you this is the most expensive hobby I ever could have thought of. But as a pure member of the public, I have enjoyed the full spectrum of this. Many of my experiences with the NRC have been extremely causative, many have been extremely negative and everything in between.

One of the experiences that Larry, you had mentioned, speaking to the 2.206 process. I have used that process a few times. I have complaints with it. I also have positive remarks about it. What Larry brought forth is the fact that when using the process, even though almost always there is a denial at the end of the process, through the actual use of the process, the public can bring forth issues, have a far more formal and in-depth look at those issues and be assured of the fact that okay,

I'm not going to get a yes at the end of the process but at least there will be improvement along the way. It's usually that subtle goal I am after.

But within the process in my most recent use of the process, I think -- and this is maybe my ego speaking-- I think it was one of my earlier 2.206 and the relationship I had developed with Jim Partlow that helped bring about the independent review or the reviewer, a lead reviewer. Independent is where I'm leading to. I think within the 2.206 process, what I have found is the major flaw is when people bring forth an issue, they're asking the NRC to go back and review that issue. I think it is absolutely instrumental and necessary that the NRC assign an independent reviewer. Asking the man who is the lead man in the NRC's original look or oversight of the issue, then making that same person the lead to review his own work is almost asking for the impossible. A man is not going to go back, review his own work, and say, Gee, I did a bad job. He's not going to go to his superiors and say, Hey, I didn't do my job right. It's a very unfair position for that man or woman, and it's also very unfair to the petitioner in the issue. It needs an independent review.

One other issue I'd like to raise on the 2.206 process and it's actually how I use the process which

isn't quite right. The major 2.206s I have presented have actually been requests to NRC to go back and review their procedures. I am not out looking for shut it down. I'm really not looking to affect a license unless the NRC's own review of their own work realizes something was missing and they should affect a license. There isn't anything within the NRC that really aroused me to go in and say, Look, NRC, I've reviewed this work you've done and I think you failed in your own process or you made mistakes in your own process. There isn't anything that I can say, Gee, I want to bring this to the attention of the NRC. It will receive an independent review from XYZ section. They will look at how the NRC participated in its own process, whether it's the licensing process, whether it's review of a task force, whether it's a review of emergency planning. I think these are issues that have to step into a whole new world. How does the NRC review themselves in the processes they have been going through?

MR. CAMERON: And I think that's probably related to an issue that is discussed in the paper on regulatory excellence which is going to be the third paper this morning, so I think that --

MS. FLEMING: It does touch on it.

MR. CAMERON: -- we should revisit that there also. Larry, do you have any comments on Jane's

suggestions?

MR. CHANDLER: Although Jane and I have not met, in the past I've had the pleasure of looking at a number of her documents over the years.

MS. JOHNSRUD: Lucky man.

MR. CHANDLER: And I know from what she speaks in terms of her requests for independent reviews of the way in which the agency has done business in the area of emergency planning. We're faced with some realities. That is, we have a finite staff and a finite level of expertise within the agency that can be brought to bear on questions. The 2.206 process is really not geared to that. It is geared rather to seeking enforcement action regarding a particular licensee, but I think at the same time any request that we do receive for sort of an introspective look at the way in which we've done our piece of the thing, whatever the thing may be, any correspondence and questions raised are responded to and they're taken very, very seriously. They do receive a great deal of attention.

We may have to agree at some point to disagree on issues. I'm not suggesting you on that but just as a general proposition. But we do look and take very seriously the suggestions from any member of the public that some part of our process is flawed, some part of a

generic review has been flawed. Certainly if people have suggestions for improvements, they are received and responded to and appreciated. If you've got something of a more formal level, say in the nature of a suggestion for rulemaking, I think you're aware of the rulemaking process which is available to the members of the public also by which change can be affected in the way in which we do business. We do get requests.

One person who comes to mind and I've met this person just once, Susan Hyatt. I don't know that I'd recognize her today, but she's with a citizen's group in Ohio and she's very active and she's used the rulemaking process and other processes on any number of occasions to seek change in the way in which we do business. It is used by citizens, by citizen groups, as well as by licensees and the Commission itself to have things changed.

MS. FLEMING: If I could just make one last statement. As you were talking, it brought it to mind. Judy mentioned this, too. I have found oftentimes, and this is almost getting into that forbidden word, personalities and what not, but as soon as you went into a 2.206 process, you do enter into and there's almost a get your hair up stand off guard. It's adversarial no matter how friendly you try to make it. It becomes adversarial,

and that's a real problem. That's a problem that does exist within the culture of the NRC that I hope we see sliding away from a little, but it does exist and it exists on the public side, too. I'm not putting all the blame there. The public is equally as adversarial in many positions.

MR. CHANDLER: I appreciate, I respect your point of view on that, and I hope it changes, at least to that extent.

MR. CAMERON: We have to wrap up here shortly, but we've heard some constructive suggestions on a number of issues. Going back to 2.206, there are people in the room who are interested in the 2.206 process, either from the perspective of filing a petition or from an individual licensee perspective of having their particular facility or whatever be the subject of a 2.206 petition. Does anybody from whatever perspective have any comments on Jane's proposal for an independent review and is it clear what that issue is all about? Jim.

MR. RICCIO: Hi. My name is Jim Riccio. I'm with Public Citizen. I participated in the 2.206 review years ago. It was at that point in time when Mr. Partlow said basically that there was a problem with basically having to go back to the people who had the expertise, and we recognize that as a problem. The only thing is if you

don't allow for independent review, as Jane says, you're going to get people who automatically become defensive.

There's also the problem of there are times in the very recent past where we've had problems with basically the agency not doing its job, and there is no mechanism other than going to the Inspector General, who is basically flooded at this point, to get those issues addressed. I think there's a definite need for some avenue where the public can access the agency as well as having an opportunity to comment on something that might be going on within the industry.

MR. CAMERON: I think there's a hint of institutional mechanism of some type of an institutional change there. I don't know. An ombudsman, a public advocate or something like that that seems to be tied into these suggestions.

Any further comments on this whole issue? Okay. Well, thank you for being concise and also for being constructive. Let's take a break and be back here at 10:15 and we're going to have Ed Jordan talking to us about the next issue.

(Off the record for a 23 minute break at 10:04 a.m.)

MR. CAMERON: Okay, if we could just, everybody could take their seats, we're going to get

started on the next paper.

(Pause.)

Okay, before we turn to Ed Jordan, who is going to talk about the paper on the role of the industry, I would just mention one thing to think about. I don't know if we have time to discuss this later on or tomorrow, but in terms of the public, the communications paper, there was an option that had a heavy emphasis on public education which is sort of an interesting subject. We really didn't get a chance to get into that too much. Richard Ratliff from the Organization of Agreement States talked a little bit about combining options 2 and 3, but just think about the public education issue when you're thinking about your comments. And secondly, I would ask Jim Milhoan to straighten out some serious Commission personnel matters for us.

(Laughter.)

MR. MILHOAN: Thank you very much, Chip. I did note that I got some comments during the break about my notification that Luis Reyes has on his geographical move to Region III and it was the first time that he had heard that so --

(Laughter.)

So I would like to correct the record. Luis will still be DRA in Region II and that he has not had a

geographical move because of this meeting yet.

(Laughter.)

But I did want to correct that standpoint for the place where Luis is at the present time.

MR. CHANDLER: Chip, before you resume, if I could add one comment to the observation you just made in soliciting further comment, particularly on the educational aspect.

What are the thoughts that people would focus on in going to comment from that perspective? What are the thoughts that the steering committee gave in its consideration? Was the aspect of whether getting too involved in educational process had some perhaps negative connotations in terms of the Agency's role as a regulatory agency as distinct or as opposed to an agency which had some promotional kind of role, trying to draw lines between informing and educating the public about that which we as regulators do versus coming across as someone who is advocating the view that nuclear energy or the use of nuclear materials is a good thing? In other words, the need to maintain a neutrality in the process and objectivity at arm's length in our prospective responsibilities. That was one of the thoughts that was factored in and you might want to consider it as well.

MR. CAMERON: Thank you, Larry. That, I

think, is the essence of the issue there. So thank you for providing that clarification. Maybe we will have a chance to discuss this issue later, but let's go to Ed Jordan for the paper on the role of the industry.

Ed is the Director of our Office of AEOD and I'm going to perhaps let him explain what that is.

(Laughter.)

MR. JORDAN: It's difficult even for me sometimes. It's the Office for Analysis and Evaluation of Operational Data. It was generally at Three Mile Island Outgrowth Office that is to do an independent assessment of operating experience and convey that experience both to the industry and to the public and to the NRC to try to cause or be assured that lessons of experience didn't get missed.

This strategic assessment has been a very interesting experience. We've gone through a lot of material and we've had extensive interactions within ourselves and I think it is really about time to have interactions with industry and the public.

The DSI that I'll talk about, 13, is the briefing of it is informing its regulatory responsibilities, what consideration should NRC give to industry activities and it's obvious that that particular direction setting issue cuts across all of the regulatory

activities the Agency has with respect to materials, fuel facilities, reactors and of course, affects the public since if there is a shift in the role between the NRC and the regulated, then the public needs to understand that. And I would say first of all, there has been a shift. It's been a continual change that's evolved over time, I think in a very interesting way, but it's evolved in that manner absent an overall or explicit policy by the NRC. It has been one of opportunity, one in which where the industry has made a proposal and the NRC has embraced it within the statutory limits, then it has occurred. Where there has been an interaction with the NRC and the industry over a particular problem and there has been evolved additional effort on the part of the industry, that has been the outcome.

That balance and interface is different across each of the licensed activities that the NRC deals with and it's also different within programs. So the opportunity here is there something that the NRC should do in a more overt fashion or a more structured and organized way to make that role clear, more consistent.

There's some external factors that are also involved in this and I would give a brief summary and then I'll talk about each one of them. Certainly the NRC budget is tightened. Congress, the OMB is reducing our

budget. Our FTE ceiling limit is coming down each year. So resources are constrained as they are in industry. Industry is also tightening its belt and faces efforts to make things more efficient. The NRC also has that pressure.

We have a desire to move towards performance-based risk-informed regulations and so how does one do that in the context of the ratio of regulatory activities by the NRC versus the industry?

I think inherent in that is the issue of if one shifts that ratio, if one changes the interactions and interface that we have, how do we both insure the public health and safety and maintain the public trust? There would be a problem if NRC suddenly ceased to exist and the industry self-regulated. Clearly, there would be a problem in the area of the public trust. And so I think we have to look at each of those aspects.

In the slide that we're looking at now, there is a concern, of course, about features that legislation clearly requires and I'll give an example. The licensing activities is something that the legislation requires. It would require a change in legislation to transfer that responsibility and in large measure to the licensed organizations. There is a potential conflict of interests on the part of industry in doing self-oversight. These

are conflicts that are both real and in some cases perceived conflicts that we all have to be conscious of. There is certainly an issue of assuring the public access to information if the industry had a larger role in regulating itself, a necessary feature of that larger role is the continued access to the information associated with that activity to the public.

There have been substantial improvements in the safety performance of the power reactor segment of the regulated industry and these are seen through the performance indicators, the frequency of arrival of transients, the safety system actuations, the personnel exposure per plant and so on. So those are clear, demonstrable improvements, reductions in risk and those are I would say measurable. We have greater difficulty measuring trends in some of the other licensed and regulated activities, but certainly improvement and performance is a basis for considering a reduction in the level of regulation.

The effects of economic -- and then looking further forward, the effects of economic competition on decisions, of licensee decisions, there is the concern that economic pressure would cause licensed activities to be less conservative and therefore one would worry about transferring further responsibility based on those

aspects. Next slide.

Certainly the regulated industry has concerns over the impact of regulatory activities, increased regulation in the area of course affects economics and with respect to that activity and a stable process is one that is one of the principles of good regulation. Codes and standards development, now we're -- the speakers here are to identify the options and when we develop these papers the options were not to have a bias or a prejudice associated with them and I'll have to show my prejudice a little bit with regards to this codes or standards development. This is an area that I personally believe is worthy of consideration and the Commission, in fact, of their preliminary decision agrees. This is an investment that the industry makes and the sense is that there may be a need for increased investment or certainly maintaining this investment since if one goes to a less prescriptive regulatory framework, risk-informed performance-based then the existence of industry and current well-maintained industry guides, codes and standards is a real backbone for such a transition.

The declining resources of the NRC challenge our ability to implement a revised framework so one, in order to make a change, you have to invest and then reap the rewards subsequent so in making a big effort in this

direction, we recognize that it would be a cost the NRC, it would also be a cost to the industry to reap the benefits in the later years.

Next page, please. There were five options that were proposed in the paper and the options were perhaps oversimplified but the first was simply continue the current program which is an evolutionary program; as opportunities arise, if the regulator sees that the industry identifies that we would respond and negotiate and work out appropriate interface.

The next option was to more aggressively on the part of the NRC cause an expansion of the role of industry. The third was increase the accreditation and certification. The fourth is increase the interaction with industry and professional groups and this is on the codes and standards that I mentioned and then the last was a designated industry representative and you can leave that slide up and I'll talk about each one a little bit.

The first, to continue the current level of effort, it would be unfair to say that that effort is not considerable. It is. The operator licensing examination program for reactors has certainly evolved and there has been a significant transfer and a benefit both to the regulator and the regulated in that area.

Standard technical specifications for power

reactors is an area that both the regulator and regulated are interactive and having a more consistent set of technical specifications for plants that have a basis that is ascribed with less emphasis on the value in the tech spec and more emphasis on the basis so that neither the NRC nor the regulated have to make so many changes to the technical specifications in time. It's been a beneficial effort.

The ability for the industry for power reactors to make minor changes in quality assurance emergency planning and security planning without submitting to the NRC is a mutual benefit. We have had substantial, I think, success with self-assessments by utilities and the NRC then reviewing the self-assessment that was conducted as opposed to doing a separate NRC review with large resources. I would identify considerations for credit by the NRC for the American Society for Nondestructive testing for certifying radiographers and in consideration for the rule change that would provide for increased credit there.

The issues associated with that option are that the NRC costs would slowly, continually decrease, that the licensee workload associated with self-regulation would slowly, gradually increase as would the reliance on industry and the effect on the credibility to the public

is generally unchanged, legislation would not be required and licensee performance is not expected to be directly affected.

The second option is the aggressive or expansion of the industry's role in inspection and performance monitoring and there it would be a cost that would initially increase. There would be an investment up front and it would cause an investment on the part of the industry and there is a question of the credibility of the NRC to the public, whether there would be a decline in that one would anticipate there may be.

There may be instances where legislative action be required for such actions. The third option was increase the accreditation of licensee activities and this is qualified industry groups, professional societies that would provide this accreditation process and the cost and the issues are much the same as the previous option.

The fourth option is the cooperation of industry groups and this would be the aggressive regulation by the NRC, development of codes and standards and guidance and NRC endorsement. This would be costly up front for the NRC to make this promulgation occur and then a subsequent decease in costs. The industry workload would increase and would be expected to be higher with of course the lesser impact from the regulations themselves

for the regulated, by the regulated.

I do not expect legislation to be required and I would expect that performance would improve. This is, I think, one of the attractive features of that particular option.

The last option is a designated industry representative and this is a representative or representatives of industry that would be authorized by the NRC to conduct NRC-like functions and this would be oversight functions for complex or specialized activities. And this would once again be somewhat expensive up front for the NRC, but then a decrease and there may be an effect on the NRC's credibility. There would be legislation required in some areas perhaps, but there may be benefits in actual performance, based on a greater buy-in by the regulated organizations.

Could I have the next slide, please? The preliminary views of the Commission were, I would say it's sort of a combination of option 1 and option 2. Option 1 was to continue doing what we were doing. This says apply Option 1 but move this as expeditiously as possible within budget constraints. So it's One Plus is maybe the way to put it.

The Commission proposed that the staff would develop -- evaluate on a case-by-case basis initiatives

that are offered by the industry and it further indicated that we should develop guidance in criteria for evaluating those proposals so that there would be a more consistent basis for the staff acceptance. And the other option -- next slide, please -- would be to increase our emphasis and focus on interacting with industry, professional societies and technical institutes to develop new codes and standards. And of course I have to smile, because I really like that one.

There at the initial activities should focus on the standards development in PRA and medical use area. So that was direction in the preliminary decision that the Commission would give to the staff.

And it also went on to suggest that the staff should identify areas where there are needs for new code standards and guides and to provide recommendations for areas of emphasis. So that's the summary, the overview of this direction-setting issue and I'd like to open it up for questions and comments from this assembled group.

MR. CAMERON: Does he have one more?

MR. JORDAN: All right, put up the last slide.

(Laughter.)

MR. CAMERON: He thought he could get away with it.

(Laughter.)

MR. JORDAN: It's a good try. The Commission did advise the staff that although they didn't at this point adopt the designated industry representative in their preliminary decisions, that they were still interested, that they felt that there may be some potential use for this area and so it would be -- the staff would be urged to examine it and come back to the Commission at some later date. So it was -- there may be some comments on whether you feel that the designated representative approach has benefits.

MR. CAMERON: Just for clarification, particularly because it's something that you're very supportive of, it is in the issues paper and I think most people know how this works, but could you just briefly give a description of how the consensus standards process works, how that relates to NRC rule making? I think that might be useful information for the further discussion of this.

MR. JORDAN: The NRC and industry and particularly in the power reactor area, have enjoyed over the years, I think, a very useful productive interaction on codes and standards and I would give the ASME Section 11 and Section 3 as being a marvelous example where very well written strongly supportive code by a professional society and across the industry is then the basis for the

NRC not to write more prescriptive rules and provide requirements of its own. We endorse through regulatory guides and through rules those codes and standards. There is a range of I'll say guidance documents, codes and standards that some of them are obligatory, some parts of codes are obligatory and are therefore requirements and some parts are merely guidance to good practices and the NRC has found those to be especially useful. The idea that those evolve with time, that as experience is obtained and inspection with regards to section 11 of components systems and piping, that what we learn is then fed back into a code revision that is periodically updated. That's a very healthy scheme. It's a perfect way to work. The U.S. has had leadership over the years in the code process. If you look internationally, the U.S. is losing that leadership that some of our foreign friends are, in fact, promulgating on codes and standards for wider areas than the U.S. presently applies them, so that's part of my personal view of why this is a very interesting area.

MR. CAMERON: Okay, thank you. Thank you, Ed. Do we have some comments, questions on regulatory excellence and keep in mind these focus questions, accuracy of assumptions, anything important that was omitted from the report or from the issues paper that

might influence what strategic direction the Commission might move towards?

Yes. Richard, we have one over here, so just hold on one second. Go ahead.

MR. CRITES: Tom Crites, Gaithersburg. I'm familiar with the standards process that has been used by NRC drawing upon the industry, but I believe there's a potential for conflict of interest as industry participates so closely in writing standards that are incorporated into rules and I'm curious that you don't mention greater reliance on the national laboratories for assistance in this area.

MR. JORDAN: Okay, we certainly believe that the national labs through direct contracts with the NRC and technical support provide advice to the NRC technical staff on the various technical issues and the national lab process for supporting codes and standards. The National Institute of Testing is clearly a part of it so I did understate that. Good point.

MR. CAMERON: Do you have a further suggestion on how the national labs might be involved in this other than the role that Ed just described?

MR. CRITES: Not specifically. There was an illusion in the legislation that divided up the AEC into NRC and eventually DOE of continued reliance by both

agencies or the national laboratories of the resource. I see at the Department of Energy very heavily relying on them because they are their primary contractors, but I don't see quite that same involvement from NRC.

I'm curious. It looks like a continuation here of not valuing those.

MR. CAMERON: And that's an accurate characterization of the legislation. An illusion, is that what you called it?

(Laughter.)

Okay, Richard?

MR. RATLIFF: Richard Ratliff, representing the Organization of Agreement States. Of all the options, we favor option 4. We feel that this is the best approach for involving industry and maintaining credibility still with the public. Several states have successfully implemented programs to get active participation in the professional groups and the public in rule making activities. Meeting and interacting on a regular basis with professional societies and groups such as the health physicists and medical physicists and others, including public and people that we regulate to get their input and resolve specific regulatory issues have been very successful. Several states actually put on regulatory conferences where they invite the general public, all the

people they regulate to come and tell them if they're doing bad, how can they improve it? If they're doing good, how can they make it even better? So I think that interaction on a local level where you involve people really is beneficial.

We think in some cases expanded self-assessments, maybe coupled with longer inspection intervals. In fact, sometimes what we've done in areas like gauging, devices where states usually have shorter intervals and even in four years or five years it's still a desirable interval of actually NRC process is sending our self-assessment forms for the people who remember they do have the devices and they do check them before they have a five year inspection. We think these types of areas will work. We really, however, feel that it would difficult to have industry groups self-policing themselves without significant changes in the present regulatory structure and culture.

MR. CAMERON: Okay, thank you, Richard. I assume that by Option 4 you're talking about increased interaction with industry and professional groups?

MR. RATLIFF: Correct.

MR. CAMERON: And when you say self-policing, are you referring to that concept broadly or are you referring to the designated representative concept

specifically?

MR. RATLIFF: I think it's a combination of both, Chip, because we really feel that there are certain areas that if you don't have regulatory oversight you'll have problems and will bring us out even more in DSI 2 with DOE and things we feel that need to be done there.

MR. CAMERON: Okay. Thank you. Do we have some further comments?

Roy?

MR. BROWN: Roy Brown. I'm Chairman of the Council on Radionuclides and Radiopharmaceuticals, CORAR. CORAR would like to see a combination of these options. We feel there's some benefit in 2, 3 and 4, with option 2 expanding the role of industry. We feel there's a great deal of expertise now out in the industry and that can be taken advantage of by the NRC.

Option 3, we also feel has some applicability here. We would like to see the accreditation programs expanded. Right now the accreditation program that most affects our industry is the NVLAP program on dosimetry. We feel that's been very, very effective and that's been a program set up outside of NRC. We feel that dosimetry results now are much, much better than before in NVLAP before dosimetry was put into place.

Also, we feel option 4 has some potential. We

feel the industry can offer some support in developing standards and guidance and codes.

MR. CAMERON: Okay, thank you, Roy. One, I guess one thing I'd like to put on the floor for clarification is Ed described the Commission's option as sort of a One Plus. In other words, to be prepared for expanding the role of industry on a case by case basis and I guess for the benefit of all of us, could Ed or I think Richard did give some examples, Roy, anybody talk about what types of case by case examples might there be where the industry would be more involved and keying on something else you said at the beginning of your presentation, Ed, about making sure that the public isn't sort of lost in the shuffle on these. What types of changes might we have to make to insure that the public was involved in these types of efforts?

MR. JORDAN: Well, certainly maintaining the public credibility is one of the criteria for considering each of the options. And it would take, I think, overt action to make sure that the public was apprised of a transition that we're incurring and that there would be clear opportunity for comment.

In the larger steps that we've taken in the policy with regards to our reactor operator certifications, with regards to those operator license

certifications that was a fairly extensive process and did have a great deal of interaction, public comment and I believe that that might be the model that one would follow in the larger activity transitions so that it's aired there, policy statements, commission meetings, notices and so I would expect to follow that same sort of a process to communicate widely so that you didn't take a step that was objectionable to the public, that it, in fact, was a logical step in each case and that's been a benefit in the evolutionary process, that these things are happening fairly slowly. There would be a risk in accelerating it, that the regulator and the industry might move too fast and might run off on a tangent, so it would take a very measured approach.

MR. CAMERON: So there is a model though that we have used in the past on this.

Frank Miraglia?

MR. MIRAGLIA: Thanks. I'll answer to just about anything. The comments that there was interest in 2, 3, 4, and 5. I think it's important to note and if you read the issue paper and add "alluded to it" is that the current program has elements of each of those in it right now and the key operative word in those other options are expand and increase. In other words, do more and be more aggressive and so the current program, I think, Larry

indicated earlier that -- I'm sorry, I didn't mean to call attention to it. We have a personal relationship and he tries to be technical and I try to be legal and that doesn't always work.

But the point that I wanted to make is there are elements of each of those in all of the options and the key words are the verbs "expand" and "increase" because we do -- there is a role for industry through consensus standards that we have used for a long period of time and we're encoura g that.

One of the concerns that Ed raises is because of the economic and dwindling resources that that's a base that needs to be maintained and we need to currently and assess and improve those kinds of models and roles and certainly accreditation, certification is used and all of those elements are within the context of the first option as well.

Thank you.

MR. CAMERON: Thanks, Frank. I think that was a useful clarification for understanding the differences between these options also.

Do we have some other comment, some other examples of how the industry role might be expanded? I think, Roy, you talked about the dosimetry areas. Is there anybody else who would like to offer some possible

examples?

Go ahead, Roy.

MR. BROWN: Chip, I just wanted to point out, there are some things the industry is doing now, the NRC may not even be aware of in the radiopharmaceutical industry, for example, we're doing a cross calibration program where we have NIST develop standards, counting standards, calibration standards and we have a round robin calibration that goes from one manufacturer to another. The NRC has nothing to do with that. The industry has been doing that for years and years and it may be interesting for NRC to know those sorts of things are going on in the area of self-policing or self-regulation.

Also, another example may be in the radiopharmaceutical industry and the medical industry, sharing of best practices of companies getting together and say well how do you handle this program, how do you handle waste in this area and there's quite a bit of sharing of best practices that's already going on in the industry now. I just wanted to point those things out.

MR. CAMERON: Good and I hope that your organization and others to the extent that you can, if you can identify those in your comments, those would be helpful to the NRC.

MR. JORDAN: And I would add to that

particularly where you see that there is an action that the NRC is taking or review process that is overly on that industry activity so that we can see those redundancies.

MR. CAMERON: Okay, maybe to move to an option that perhaps wasn't considered, but something that was referenced in the paper was the idea of a nuclear safety board and I wondered if anybody has any comments on that concept? Is it clear to everybody what a nuclear -- what the nuclear safety board concept is? And who would like to explain it?

(Laughter.)

No one.

MR. JORDAN: I can explain it, but I don't want to.

(Laughter.)

MR. CAMERON: Do you want to repeat that for the record to make sure they got that in?

MR. JORDAN: I think it's on the record. No, a nuclear safety board concept as Congress has envisioned it would be an independent assessment by a segment of NRC and I would call it sort of a technical IG type review of serious incidents and the question of whether the NRC itself is sufficiently independent to conduct such investigations and the reason that I said I didn't want to talk about it is that's one of my responsibilities in the

Office of Analysis and Evaluation of Operational Data, is to conduct those investigations of technically significant incidents, whether it's a radiation exposure incident or a reactor transient complications and so the NRC conducts about one for one and a half or so years, one of those very intensive investigations and the last one that was conducted was a radionuclide uptake that occurred at the MIT medical facilities. And so those are the -- the outcome of those, of course, then identify lessons both for the industry and the NRC and they're both intensive in terms of NRC effort, independent with respect to the program office and the regional office that are related to it and of course, they are aimed at feeding back both to particular licensee and the public and the industry those lessons.

MR. CAMERON: So I guess it's not directly related to one of the options here, is it?

MR. JORDAN: No, but I would add one thing that we have made one joint review with the industry in the investigation which was aimed at extracting lessons from Hurricane Andrew impact on Turkey Point facility and that was a particularly constructive effort in nuclear power operations was the NRC's partner in that effort. It did result in a substantial feedback of very positive lessons for utilities that are -- that have potential

hurricane impacts and each year there are a number of hurricanes that approach the coastal regions and many, many protective measures are taken by those utilities in advance of the storm. Large lessons were learned and that was a joint, in a very cooperative effort.

MR. CAMERON: Good. Thank you. Other comments on the role of industry?

Judy?

MS. JOHNSRUD: I may have fallen asleep in the process of reading that DSI, but I don't recall much --

MR. CAMERON: Is the author of that paper here?

(Laugher.)

MR. CHANDLER: It was Stu.

MS. JOHNSRUD: But I don't recall much discussion of the potential impacts on industry self-regulation which is sort of the thrust of much of this of the changes in ownership and function of the electric utility industry. It is obviously undergoing enormous alteration and I think that the NRC had better be very careful about incorporating in whatever decisions it makes the capability of the industry itself to provide any realm, any further additional realm of self-regulation and self-monitoring. I would see this as particularly important as I feel the NRC is moving much more toward use

of guidance, nonenforceable or minimally enforced guidance as opposed to specific standards.

MR. CAMERON: Thank you. That may fall into this category of focus question 1, a consideration that perhaps we didn't consider in this area. Is three anybody from the industry or the NRC staff that would like to discuss whether there is a direct connection between ihdustry deregulation and this whole reliance, increased reliance on industry?

MR. JORDAN: Well, I would certainly reply that it was the intention to include that as one of the factors and it is a contrary factor that is with the industry deregulation and the emphasis on economics of the utilities, whether it is appropriate and practical to cause a greater role on the part of industry and it is that conflict of interest issue and resources. So right, there is a clear balance and the intended -- it wasn't abundantly clear. It's Stu's fault and I'll try to straighten it out.

(Laughter.)

No, I'm picking on Stu because he's a nice target.

(Laughter.)

MR. CAMERON: Does Stu also work for you?

MR. RUBIN: On the -- this is Stu Rubin.

Addressing the terminology of self-regulation, I think it's important to understand the model we're really looking at where we consider options 1 and 2. Both options really involve going from a situation where the NRC has a full scope activity whether it be an inspection area such as team inspections involving a particular area such as service water and system inspections.

MR. CAMERON: Can you speak more directly into the microphone, Stu?

MR. RUBIN: Yes, whether it be performance evaluation in the area of performance indicators. There again the NRC has its full scope program in place to determine performance indicators industry-wide. In the area of licensing, operating licensing specifically, we have had in place and still have in place a full scope process.

What we're really speaking to here is one where in a very deliberate and reviewing the licensee's capabilities turning over to licensees much of what we would do, however, we would continue to retain oversight of licensee's implementation of those activities. We would continue to provide an audit and review in an on-going sense. For example, in the area of team inspections, that is one under the current program which has already been implemented wherein the NRC was

conducting inspections say in the area of service water or safety system functional inspections. Industry requested an opportunity to conduct those themselves and so the NRC went through a very careful review of each licensee's capability to implement that kind of an inspection at the level of rigor and follow-up that would be expected of the NRC to conduct that inspection. And so we've established criteria, if you will, taking a look at the scope of the licensee's plans for implementing such an activity, taking a look at the qualifications of the people who will be implementing that plan, insuring that we would be reviewing ad approving those plans. Also, to insure that there were staff in place to observe licensees' conduct and implementation of those plans. Furthermore, under that mode, the NRC would still go back and do a spot check and audit of areas that the licensee evaluated and areas not evaluated to determine if, in fact, the licensee had done a credible job and had identified the issues and their significance appropriately. In any event, if in fact, we concluded they had not, we would then go in with our full scope effort as a follow-on. And so we're not really talking about turning over our responsibilities or activities to the industry. We're talking about allowing the industry to implement our activities subject to our oversight at the front end, in-process and at the back

end. The net benefit is that the licensees do take on more ownership for the process, take on more ownership for the findings and implementing corrective actions and it does provide an opportunity for NRC to reduce the resource requirements for our limitation.

MR. CAMERON: Okay, thank you, Stu. That was a good foundation for all of this.

Larry, did you have one comment?

MR. CHANDLER: Just a couple of observations in response to Judy Johnsrud's comment. We recognize that if you look at the way in which these issues have been grouped into arenas, you will see, for example, the relationship of this particular DSI and others, but a number of others, among them, for example, being the one that deals with the way in which operating reactors, reactor oversight would be continued, I think it's DSI 11. Also relates very closely to the issue of the role of industry and how things could be dealt with down the road.

Underlying a lot of this were some very significant legal concerns and obviously in terms of what the Agency can relinquish to industry to do appropriately and what the Agency's role is and must be under the law and that which can be relegated to industry activities. So those are factors that really need to be considered as you go through this. You're absolutely right.

MR. CAMERON: Okay, thank you, Larry. We have to move on to regulatory excellence in a moment, but I just want to make sure that we give all of you a chance to discuss, if you would like this idea of a designated industry representative. The Commission did, I guess, allude to this in their preliminary options so it's not something that should go on undiscussed or uncommented on, so to speak.

Does anybody have anything pro or con or questions to say about the designated representative concept?

MR. BROOKMAN: Chip, while they're thinking about that, I think maybe Jane had a brief follow-on comment.

MS. FLEMING: Yeah, Larry, you alluded to something that has concerned me for a while, the role of industry and it's perhaps a perception, but maybe you can clarify it. But when the NRC in a supposed public activity such as licensing uses and refers to and depends on industry documents such as INPO documents that are not released to the public, there's a perception there that the licensing process which is to be an open and public process is suddenly not fully open or public because there are documents that the public does not have access to.

MR. CAMERON: Which is very important in terms

of if we go to increased industry reliance or whatever we want to call it, what does that mean in terms of public information?

MR. CHANDLER: Well, it's actually a combination of two things. First of all, our ability to rely on information which is not publicly available is very, very limited. Obviously, the basis for the Agency's decisions must be spread on the public record, must be available to the public. There are certain limitations that are recognized, certain information which can be withheld from public disclosure, commercial proprietary kinds of information, pre-decisional information, security type of information, privacy type of information.

To the extent that is involved, certain information need not be publicly available, but nonpublic versions of it must be there and the publicly available information generally is sufficient to support the decision itself.

Decisions typically do not rely, for example, on INPO licensing decisions, typically do not rely on INPO evaluations. It may not be a matter of public record. Although there have been instances in which INPO documents have bene referred to in the licensing context, had a few limited instances in which they have, I believe, they have been made publicly available. Otherwise, had not relied

on generally speaking, relied on as part of the licensing process.

MR. CAMERON: Jane, is that your -- one of your points in terms of a strategic point of view is if the Commission moves in these directions that they're going to have to make sure that the information is publicly available? Do you want to just clarify that for the record?

MS. FLEMING: Well, basically when you try to sum that up you did sort of clarify it, but the information, when the NRC which is supposedly a public process, any information they're using must be, and with the expanded role of industry, with any aspects of these, you're getting more and more into that very questionable territory, in some of the recent licensing activities, which has been one, there was a dependence upon INPO documents. Now whether or not the overview of those documents did become apparently clear to the public, the public really can't tell that, because they don't have access to the documents and this, I see where we're moving toward more and more use of expansion of the industry's role here. I see more and more chance of at least a perception of conflict, if not the actual conflict.

MR. CAMERON: Thank you very much.

MR. JORDAN: It is a very good comment. It is

one of those key factors that we showed in one of the slides that the idea of assuring public access to industry safety information is something that must continue under any shifting role arrangements, so I think it will be incumbent on the NRC in deciding to make a shift that the data that supports a finding would be publicly available.

MR. CAMERON: Okay, anybody on designated representative? Is there any interest on that topic?

MR. JORDAN: Nice try.

MR. CAMERON: All right, okay. Let's now go to Stu Rubin who wrote the last paper and possibly this paper, I guess. And Ed is going to do the presentation and this is on regulatory excellence.

MR. JORDAN: Stu was the author of the papers and did a superlative job, I think, capturing our concepts. The concepts did come out through the steering committee reviews and this DSI is one that's unique among the set because this is totally internally directed. We need your view as stakeholders, but it is entirely internally directed. So it's stated quite clearly on the first slide, how can NRC enhance regulatory excellence through maintenance of regulatory standards, rules and requirements? And that's a little too restrictive in terms of the overall view.

I should tell you how this particular

direct ve setting issue came about. The steering committee in conducting its reviews and trying to extract issues out of the documents that have been created believed initially that the idea of the staff's performance that excellence among the staff was really imbued in each of the options or in some of the options associated with the various issue papers and that one could see from the range of options that there was an intent on the part of the staff or on the part of the steering committee to cause excellence to occur in the regulatory performance of our duties.

Well, despite that, if you read the words, there was an awful lot of pressure associated with the options and direction setting issues with regards to efficiency on reducing the regulatory burden or for instance, in reducing the regulatory oversight as we just talked about in the previous paper and if you really looked at the words, there wasn't very much about excellence among the things that the NRC does and so based on this further review and there have been instances recently, instances of breakdowns of NRC performance internally, identified the need for separate and a unique internally focused direction-setting issue.

The bases are that the current external and internal forces are directed towards reducing regulatory

burden in industry, reducing NRC costs, improving efficiency, developing performance based risk informed regulations or regulatory scheme which summed up may inadvertently adversely affect the NRC safety culture and so that's, I guess, the most succinct way I could put it and then the question is should the NRC management and staff actively seek regulatory excellence.

We need to define regulatory excellence, regulatory excellence for the purposes of this discussion is defined as a dedication to safety, a commitment to the principles of good regulation and the pursuit of superior staff performance. And then I have to differentiate it that the NRC pursuit of regulatory excellence for the NRC staff is, in fact, differentiated from the perception by industry that the NRC applies a rising standard of excellence to licensed safety performance. This is really for each of the things that the NRC staff does that we're seeking to do those in an exemplary way. And so it is not, should not be construed as a quest for excellence in itself from the licensed and regulated industry.

I think we can argue, we can say that many improvements have been made and are -- they continue to be made within the NRC based on internal and external lessons by NRC initiatives. This proposal is for a highly proactive campaign that is unique to the NRC to seek

improvement in all NRC activities.

I have the key -- you have the key factor slide up. I've walked over those factors, but I'd like to reiterate some of these issues.

And the first one is clearly -- hit on the ideas of improving the effectiveness of the regulatory framework. That is a clear goal in this direction setting issues.

I have covered the second one. The third one is that recent initiatives and certain strategic assessment rebaselining may inadvertently create the attitude among staff that regulatory efficiency is a priority objective as an alternative to the fundamental commitment to regulatory excellence and effectiveness.

I don't think I can emphasize that feature too much.

The next slide. Certainly the idea of the changes that improve the efficiency of regulation for the NRC and the efficiency of compliance for licensees have been of interest and certainly licensees have not emphasized changes specifically focused on enhancing regulatory effectiveness.

And the last one on this slide is a declining agency budget and the adverse effects it has of resources being available for effectiveness for activities.

Next slide. Once again, in reiterating the credibility of the NRC as an effective regulator has declined recently. This would be a measure to restore that credibility to the public and to the regulated industry and to ourselves.

Could I have the options slide? This paper is certainly one in which there was no option to do less. In some cases, the papers identify what we could do less, we could do more, we could do the same. This starts with we could continue the current approach. We could initiate a more proactive approach and I think you can see where I come out and where the Commission comes out as well in terms of picking options. I'll explain a little more Option 1 and it is fair to say that there are substantive processes that are occurring, the program performance self-assessments. There are assessments of each of our activities by the program offices. Luis Reyes will attest to the evaluations that the regions got, the programs that they're responsible for both reactors and materials and emergency preparedness.

The NRC is, we feel, a learning organization. WE respond to the Office of Inspector General audits, to do research activities, but in this case there's a question of whether that's enough, whether we need a more overt and direct effort.

Currently, assessments both find and then result in fixes to specific framework weaknesses and we would expect under Option 1 to continue to be responsive to those externally identified weaknesses.

The issues associated with Option 1 are that the current level resources that we spend in responding to internal lessons and external lessons would continue so there would be not a change in those resources. The ratio of proactive to reactive improvements would remain the same and there is a concern that the regulatory efficiency initiatives would erode the staff safety vigilance and so I think that's the principal reasoning that the committee felt that a regulatory effectiveness initiative was an appropriate one to consider very strongly.

Of course, under continuing the current option, the NRC credibility as an effective regulator would be continuing at roughly the same level.

With regards to initiating a more proactive approach to improvement, there would be a number of measures and I would explain that some of it is process and the paper proposes to establish a senior management review group that would periodically review the process, the internal processes for improving regulatory effectiveness, for seeking excellence and that would be certainly a key step to cause senior managers in the

Agency to be a part of a review group and to carry back to their respective organizations those principles and measures and the cause and implementation program to occur from the ground roots.

The key issues regarding a more proactive approach to improvement, it would require a substantial application of resources and management attention at the front end. Once again, you have to invest in order to benefit. That investment would be expected to cause awareness of the improvement activities, to increase the pace of programmatic improvements internally and we believe that it would improve the Agency's credibility as an effective regulator.

Go to the next slide, please. The Commission's preliminary views were that the staff should develop and implement strategies designed to improve its internal performance and so they proposed to adopt the Option 2 approach to take a more proactive approach to improvement and they extended it by saying it should be broadly applied to all NRC activities. It supported the NRC's mission that the staff should identify goals and milestones and provide a message to engage the work force at the grassroots level. And the Commission direction was to go across all of the regulatory and support areas with programs so it would be starting the program in a very

broad fashion. The paper that you've read proposed to initiate a program and to begin small and grow it. This would be purely a decision by the Commission would be to begin a program that's broadly applied to all of the activities in the Agency and to put a lot of resources in and expect a lot of benefits out.

So that's the summary of this particular paper. I would reiterate that it is an internal paper and we're very interested in your views and your perceptions based on what you read and what you've heard.

MR. CAMERON: Is there one more slide? You've got them all.

(Laugher.)

I don't think that anybody would argue with the fact that regulatory excellence is an important objective. The question is is what's the best way to do that and I guess the proposal from the steering committee was a senior management review group and I would turn to all of you for comments on the regulatory excellence objective, but also on how the NRC might best get to that particular objective and Jim, you made a comment before that was sort of -- that tied into this and would you mind just restating your comment for us that you made in relationship to 2.206 and some other mechanism other than the IG. I think that that's tied in here. And whatever

you would want to add on this otherwise add on this issue.

MR. RICCIO: Jim Riccio. I do think it needs to be an avenue that's opened up where -- whereby the public has some access to what is going on with your decision making. I think this is the first step, obviously.

Obviously, this industry and more recently, this Agency, have had major problems in the public perception. I don't think that's going to be enhanced by necessarily turning all these policies back over to the industry. One thing that comes to mind basically is that basically the deregulation that is occurring with tech. specs. You're wiping out 40 percent of the limiting conditions of operation and you're talking about enhancing regulatory -- what was it again, excellence.

It seems to be lip service on the one side and while, in fact, you're actually deregulating on the other and I agree with the Chairman, this Agency should be an enforcement agency. It shouldn't be operating by exemption and unfortunately what I see occurring is fewer regulation rather than nonenforcement and I'm not sure that that's going to get you any greater stature in the public's eye. And while that's not primarily your concern, your concern is safety, I find it hard to understand how reducing 40 percent eliminating conditions

for operation enhances regulatory excellence or safety for that matter. There actually have been some comments from inside your own Agency regarding the change in the tech. specs where they said basically that the Agency, the Agency basically an entire program for the industry, but there was as cursory IG investigation which amounted to one page, basically, of a review, saying we asked the NRC and they said no, there wasn't any conflict of interest. I think you have a major problem on your hands with public perception and your quest for enhancing excellence.

MR. CAMERON: Okay, thank you, Jim. We'll also make sure when we do go through the comments on all of these issues as there may be comments given relative to one issue that may be also applicable or perhaps more applicable to another issue, so we'll make sure that there's no disconnects of that type and all of these comments get considered where they're relevant.

Anybody else on regulatory excellence, particularly on mechanisms that the NRC might use to achieve that goal?

Richard?

MR. RATLIFF: Yes, again representing the Organization of Agreement States, looking at this paper, we concur with the Commission's initial views, that is that the proactive approach to regulatory framework is

desirable, but it should not be limited to all those areas that were discussed there.

We feel that the approach that should be used is in reviewing regulations is eliminating or changing those that are too restrictive, exempting sources that pose no significant health to the general public and concentrating efforts on radioactive materials with higher risk. And this is in our written comments, and what we've discussed in this, especially not taking regulatory excellence going forward, but looking back at things that have happened when the agreement states are really akin to is the general license program where multicurie cesium-137 sources are general licensed and there's no almost no regulatory oversight and they get into the public domain through bankruptcies of plants or they're being painted over and ended up at the smelters, steel smelters and scrapyards.

We feel that to have real regulatory excellence, you need to go back and look at areas that may need change and not be afraid to do that, to go back when you're rebaselining really go back to that base and see what areas could we improve, what other areas that may be no risk at all and go forward.

We feel that there's been a real good process with the IMPEP, the Integrated Materials Performance

Evaluation Program whereby the NRC reviews its regional offices and the agreement states. We feel that this process has been beneficial not only to the states but to the NRC by using agreement states people as part of the review so that NRC does get an outside view and -- but we still feel that many of the NRC staff, especially, at headquarters really don't understand the agreement state process, the fact that the 29 states have had their Governors say that they have sufficient programs and in doing so the NRC has an agreement with them where they have not done like EPA does, delegated authority, but NRC has relinquished their authority to the state and the states fully realize that NRC has a function where they have to look and make sure that the states perform, but that we're regulatory partners, that we really need to work together and therefore go ahead to make the whole process better nationwide.

Thank you.

MR. CAMERON: Richard, just a follow-up question for you in terms of the NRC going back and looking for areas, regulatory areas that could be improved, you mentioned the general license. Do you think this proposed senior management review team would be a mechanism that could be used for that? And I guess I would ask the NRC also is that, was that something that

would be within the scope of the senior management review team?

Richard, you first.

MR. RATLIFF: Well, I think not. I think what's working well is working groups where you have several state program people, as well as NRC people, working together jointly there where you have people who are actually out in the field, out in the rest of the world, west of the Mississippi, as well, sometimes. And actually looking at areas and able to bring their collective knowledge together to make the process better, rather than trying to do it at a senior level where they may have never seen a gauge or seen these problems or actually have responded in the morning to a smelter that's just melted a gauge. I think the working group is a much better process in our estimation.

MR. CAMERON: So that perhaps the senior management review group would be taking a look at this from a higher or broader level. Is that what you, what we intended it?

MR. JORDAN: Yes, clearly the object is to get to the grass roots that the individual staffers in the Agency have a clear understanding that they're management and they are committed to excellence in whatever activities they're associated with.

And it's a culture within the Agency that evolved. The idea of the senior management group would be to begin the process by understanding it the same way, by identifying areas within the various programs that need the earliest attention and by identifying things that are working well and I would agree with you. I would identify the in-depth process as a process that's working very well. And so we can learn as much from things that work well as we can from things that are working well and you can see the contrast and put your resources on upgrading the activities and providing better procedures, better training and causing the Agency to have a greater sense of purpose in its activities. So that's what we expected to perform for us and it becomes a measure that it will not work if it's a series of slogans and a hokey campaign that a few people subscribe to. It can only work if it, in fact, is something that the entire Agency subscribes to and understands and supports in every activity. So we have a steering committee where we're very strongly aware of how difficult it is to start a campaign to cause it to continue and to cause it to not to become trivialized. And so that's really, I think, the challenge we have and by picking things that are not working well and identifying things that are, I think it's a very good approach.

MR. CAMERON: Okay, thank you, Ed. Other comments?

Yes sir?

MR. INNETT: I'm Scott Innett. There's been a theme that perhaps focusing on efficiency as well as excellence simultaneously may be mutually exclusive. I don't think that is the case at all. I think a more efficient organization focused on the safety mission can achieve much better safety and regulatory results than a less efficient organization focused on the same vision. So I think you can achieve within the NRC both increased efficiency and a much better focus on safety and therefore get better results. So I think you should keep that in mind as you consider undertaking some of the known efficiency efforts that you have under way, but also to strive for excellence in regulatory process.

MR. CAMERON: Okay, thank you. Any follow ups to this concept of regulatory efficiency and regulatory effectiveness?

Yes, in the back?

MR. YIELDING: Yes. My name is Dale Yielding. I'm a member or a representative of the National Treasury Employees Union and also a nonmanagement staff member of the NRC. I just wanted to identify that the comment on the people processes function with a goal of excellence,

that the National Performance Review about two years ago made a recommendation to empower the employees and we, as members of the National Treasury Employees Union just want to make it ever present that we are available to work with management to develop a more efficient organization that is more empowered by the employee to maybe streamline the NRC and actually perform its mission in a more effective and excellent manner.

MR. CAMERON: Thank you very much, Dale. Any comment on that?

MR. JORDAN: No, I appreciate the overture. I think it's an appropriate one because as we say, it has to be a grassroots movement and it will have to involve the entire NRC staff and the union that represents the staff.

MR. CAMERON: Okay, thank you, Ed. Further comments?

Judy?

MS. JOHNSRUD: I'm not sure this is quite on target, but I think it fits with excellence of regulation and I really commend a move in that direction by the Commission. But if I understand correctly, the use of guidance relieves the Agency of following the regulations under the Administrative Procedures Act and this, in turn, would tie, if I'm correct here, would tie back to public notification opportunity for public comment and a variety

of other procedures that are covered by the APA. So to the extent that the Commission appears to be moving in performance-based and risk-based regulation, away from regulatory rule making under the APA, it seems to me there may be a rather serious contradiction with respect to being able to achieve excellence without having the full public input and review of changes in regulations that are being made.

MR. CHANDLER: If I could try to address that for a second, Judy.

MR. CAMERON: Thank you. This is Larry Chandler.

MR. CHANDLER: I'm sorry. I'm not sorry I'm Larry Chandler at all, but --

(Laughter.)

MR. CAMERON: I've been waiting for you to apologize to all of us for that.

MR. CHANDLER: Let me try this again. A couple of comments. In a sense, we need to look at the hierarchy of revisions and the use of that word for a second, rather than requirements or guidance, but provisions that the NRC has in the context of all of its different regulatory activity, both reactor side and material side. Yes, those provisions which are reflected in regulations are binding, have a legal stature that's

somewhat higher than those as reflected in guidance documents. That's true.

But in going into a more performance-based risk-informed environment, we still would be going through an APA-recognized rule making process to assure that we have, in fact, established in that performance-based and risk-informed rule an appropriate level and measurable level of safety such that compliance can be measured and identified and known and so that what you can appropriately do then is allow for perhaps a broader spectrum of measures which achieve that same level of what is found to be appropriate in terms of assuring health and safety in both a materials and reactor side.

You can certainly have a very prescriptive set of requirements that are set in regulations and you can certainly achieve that and demonstrate how those are satisfied in a certain way. At the same time you can probably achieve or likely achieve an appropriate level of safety through less prescriptive measures and appropriate guidance documents and it's always a case again of assuring that you've achieved the right balance when you go about doing it. And that then becomes part of the rule making process as you get into that developing that performance-based, risk-informed rule and it's also worth noting, I think, that when the staff goes through

preparing guidance documents, generally speaking, today is probably more the rule than the exception, those guidance documents are published in draft form for comment as well, so there are opportunities for input on both sides of that.

MR. CAMERON: I guess a couple of other perspectives on this might be the correct mix of regulations and guidance might be an issue that the senior management review team would look at in terms of the regulatory excellence issue, but I think a bottom line point that Judy was perhaps making and Judy, correct me if I'm wrong on this, is just as the NTEU would be an important player, obviously in the search for regulatory excellence is that the public should also be involved in that process.

MS. JOHNSRUD: That's right.

MR. CAMERON: Jim.

MR. RICCIO: One thing, I just wanted to point out that as you shift from this prescriptive based regulation to performance based regulation, you're going to encounter basically an illusion problem where it looks like you're deregulating.

MR. CHANDLER: Absolutely.

MR. RICCIO: And it's not just the public that's saying this. It's the Illinois Department of

Nuclear Safety submitted comments to the NRC when you first began this program, saying that it would result in a decrease in the safety and a decrease in the safety culture of the Agency that had taken a long time to establish and so it's not just the public that holds this perspective, it's people within your own industry and I think that's important to bring out.

MR. CAMERON: Just a clarification for the record, when you said when we began this program, you're talking about not the strategic assessment process.

MR. RICCIO: The shift in prescriptive to performance based.

MR. CAMERON: Okay, the reference as to the shift from prescriptive to performance base.

MR. RICCIO: That perspective was recognized and extensively discussed among the steering committee as these issues were developed. Absolutely.

MR. CAMERON: Okay, do we have some further comments on the regulatory excellence issue?

Okay, let's be back here at 1:00.

(Whereupon, at 11:57 a.m., the meeting was recessed, to reconvene at 1:00 p.m., Thursday, October 24, 1996.)

C E R T I F I C A T E

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of:

Name of Proceeding: STAKEHOLDERS PUBLIC MEETINGS BUILDING PUBLIC TRUST AND CONFIDENCE

Docket Number: N/A

Place of Proceeding: WASHINGTON, D.C.

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and, thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.

Corbett Riner

CORBETT RINER
Official Reporter
Neal R. Gross and Co., Inc.

U.S. Nuclear Regulatory Commission

Strategic Assessment and Rebaselining Initiative

Overview and Status Briefing

Stakeholders Meeting

Washington, D.C.

October 24-25, 1996

Program Agenda

THURSDAY

8:00-9:00am
Opening Remarks

9:15-11:30 am
STRATEGIC ARENA: Building Public Trust and Confidence
DSI-14
DSI-13
DSI-23

1:00-4:30pm
STRATEGIC ARENA: Assuring the Safe Use and Handling of Nuclear Materials
DSI-2
DSI-4
DSI-7

1:00-2:30pm
STRATEGIC ARENA: Providing Research Expertise
DSI-22

2:45-4:30pm
STRATEGIC ARENA: Supporting NRC Domestic Mission and National Objectives in the International Area
DSI-20

Program Agenda

FRIDAY

8:00-11:30am
STRATEGIC ARENA: Assuring Safe Operation of Nuclear Reactors

- **DSI-10**
- **DSI-11**
- **DSI-12**
- **DSI-24**

1:00-4:30pm
STRATEGIC ARENA: Assuring Safe Management of Nuclear Waste

- **DSI-5**
- **DSI-6**
- **DSI-9**

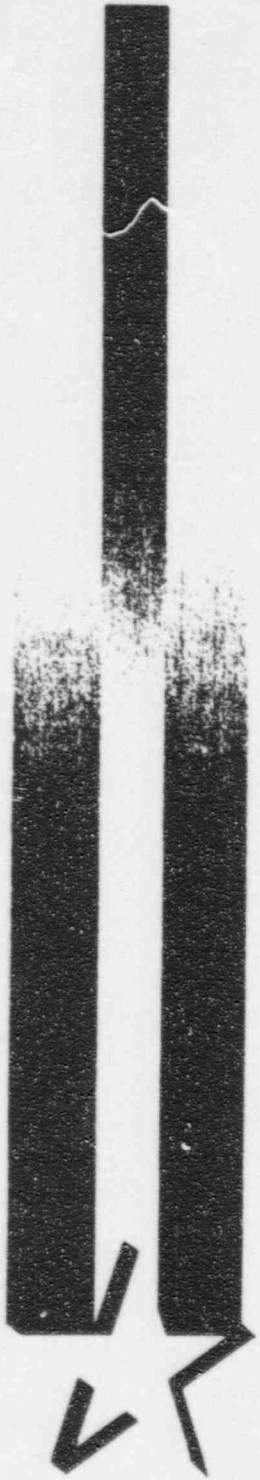
1:00-2:30pm
STRATEGIC ARENA: Managing NRC Finances

- **DSI-21**

4:30-5:00pm
Closing/Wrap-Up

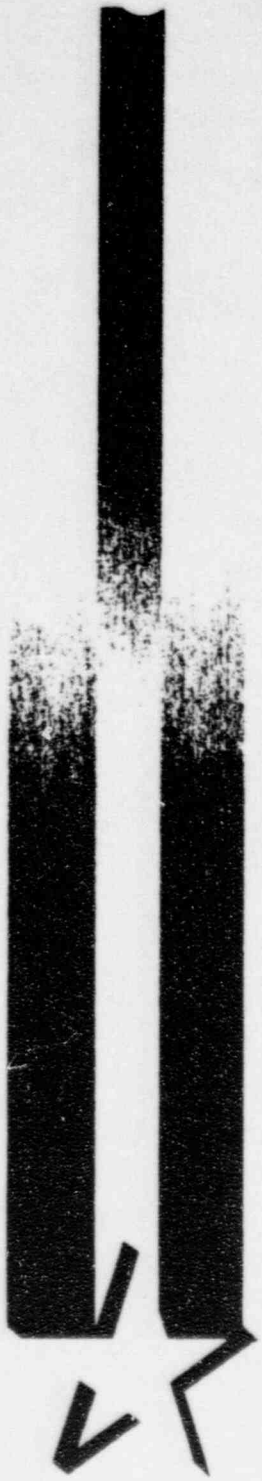
Strategic Assessment and Rebaselining

- ★ Introduction
  - Purpose of Strategic Assessment
  - Organization
    - ◆ Steering Committee
    - ◆ Support Group
    - ◆ Contractor: Public Strategies Group, Inc.



Strategic Assessment and Rebaselining

- ★ Overview of Strategic Assessment and Rebaselining Phases
  - – Phase I - Strategic Assessment
    - ◆ Review of Activities
    - ◆ Strategic Issues
    - ◆ Direction Setting Issues (DSIs)
  - – Phase II - Rebaselining and Development of Decision Papers
    - ◆ Issue Papers (DSIs)
    - ◆ Stakeholder Involvement



Strategic Assessment and Rebaselining

- Phase III - Strategic Plan
  - Commission Decisions on DSIs
  - Strategic Plan
- Phase IV - Implementation and Budget
  - Performance Plan/FY 1999 Budget
  - Outyear Plan FY 1999+
  - Other Implementation Activities

Phase II

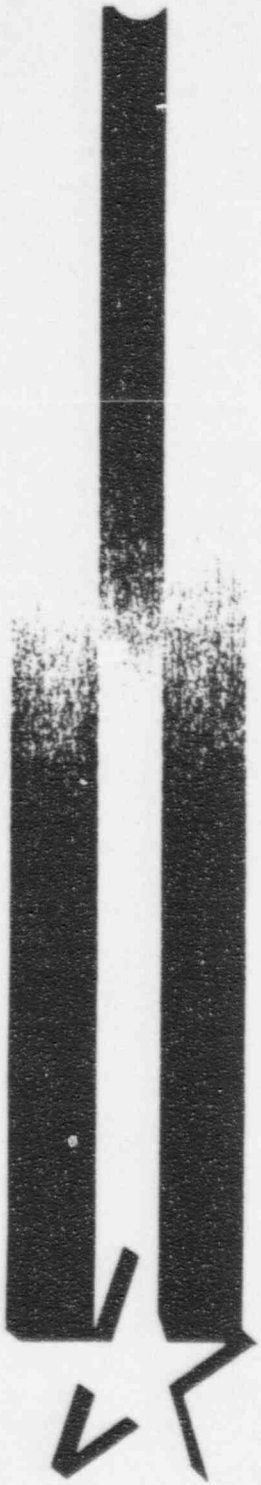
- ★ Key Documents
  - Issue Papers (16)
  - Strategic Planning Framework Document
  - Stakeholder Involvement Process Paper
- ★ Stakeholder Comments Are Important
  - Preliminary Commission Views
  - Comments will be Utilized as part of Making Final Decisions on Issue Papers
  - Issue Papers and Commission Decisions will be Utilized to Develop the NRC's Strategic Plan

Issue Paper Summary

	DSI	TITLE
★	DSI 2	Oversight of the Department of Energy
★	DSI 4	NRC's Relationship with Agreement States
★	DSI 5	Low-Level Waste
★	DSI 6	High Level Waste and Spent Fuel
★	DSI 7	Materials/Medical Oversight
★	DSI 9	Decommissioning - Non Reactor Facilities
★	DSI 10	Reactor Licensing for Future Applicants
★	DSI 11	Operating Reactor Program Oversight

Issue Paper Summary

	DSI	TITLE
★	DSI 12	Risk-Informed, Performanced-Based Regulation
★	DSI 13	Role of Industry
★	DSI 14	Public Communications Initiatives
★	DSI 20	International Activities
★	DSI 21	Fees
★	DSI 22	Research
★	DSI 23	Enhancing Regulatory Excellence
★	DSI 24	Power Reactor Decommissioning

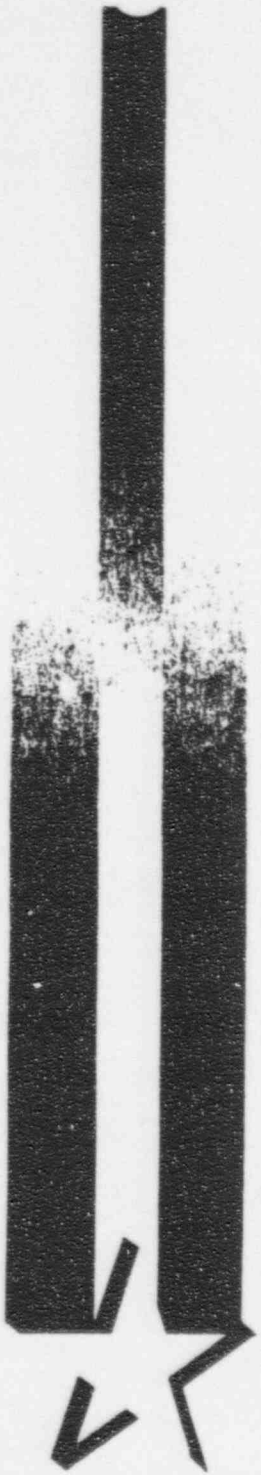


Stakeholder Meetings

- ★ Internal Stakeholder Meetings
  - – Series of Meetings with NRC Staff
- ★ External Stakeholder Meetings
  - – Meetings Scheduled To Discuss Issue Papers
    - ◆ October 24-25 Washington, DC--Washington Hilton
    - ◆ October 31-November 1 Colorado Springs Sheraton
    - ◆ November 7-8 Chicago, Il--Ramada O'Hare

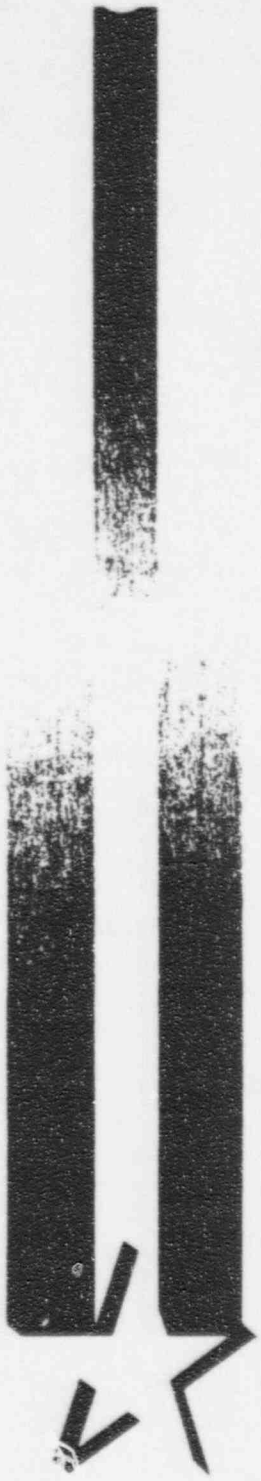
Review of Comments

- ★ Written/Electronic Comment Period Closes November 15, 1996
- ★ Sponsors/Lead Writers Collate and Review All Comments (Stakeholders Conferences, Written, and Electronic)
- ★ Stakeholder Interactions Report
  - Brief Analysis of Comments By Individual Issue Paper
  - Identify Substantive Comments That Have Direct Bearing on Commission's Preliminary Views
  - All Comments will be Provided to Commission in Stakeholder Interactions Report on December 6, 1996 - Report will be Available to All Internal and External Stakeholders (Internet and PDR)



Strategic Plan Development (Phase III)

- ★ Phases I and II provide foundation for Strategic Plan.
- ★ Strategic Plan
  - – Sets direction for Agency
  - – Meets requirements of Government Performance and Results Act
  - – Periodic Updates will be Made
- ★ Implementation (Phase IV)
  - – Budget and performance plan
  - – Other actions



NRC's Strategic Plan

★ What Is It?

- Brief document to guide program and resource decisions at all levels
- Delineates our important goals and objectives
- Provides strategies for achieving our important goals
- Living document subject to periodic change

★ What It Is Not?

- A budget
- A detail tactical operating plan
- An exhaustive listing of Agency work

External Stakeholder Meetings

- ★ Conference Format
  - – Plenary Session
    - ◆ Summarize Strategic Assessment and Rebaselining Initiative
    - ◆ Describe Stakeholder Involvement Process
    - ◆ Conference Objectives
  - – Issue Paper Discussions by Strategic Arenas
  - – PSG Involvement in Planning and Conducting Conferences & Meetings
  - – Meetings Transcribed

Expectation for Comments

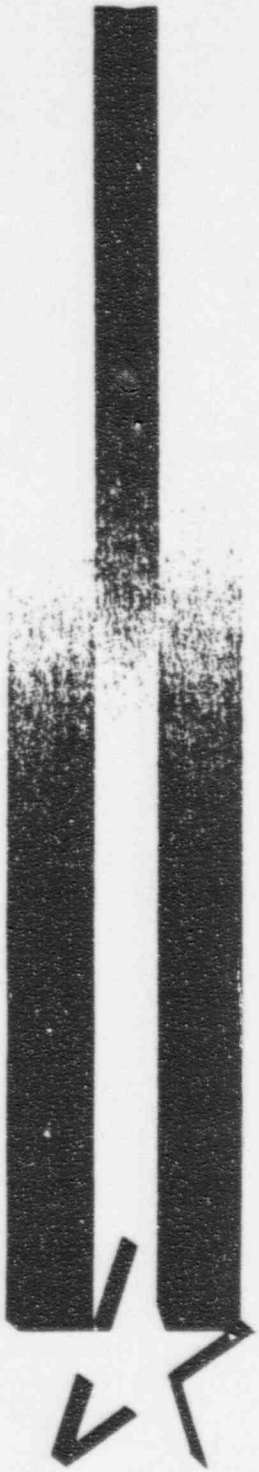
★ What Is Being Requested From Stakeholders

- Soliciting Stakeholder's Views and Comments on:
  - Important Considerations That May Have Been Omitted
  - NRC's Assumptions and Projections For Internal and External Factors
  - Commission's Preliminary Views
  - Specific Questions on Individual Issue Papers Per SRM Direction
- Comments May Be Provided by Mail, or Electronically--All Comments Docketed by SECY
- Comment Period Closes November 15, 1996

Direction Setting Issue No. 14
Public Communication Initiatives

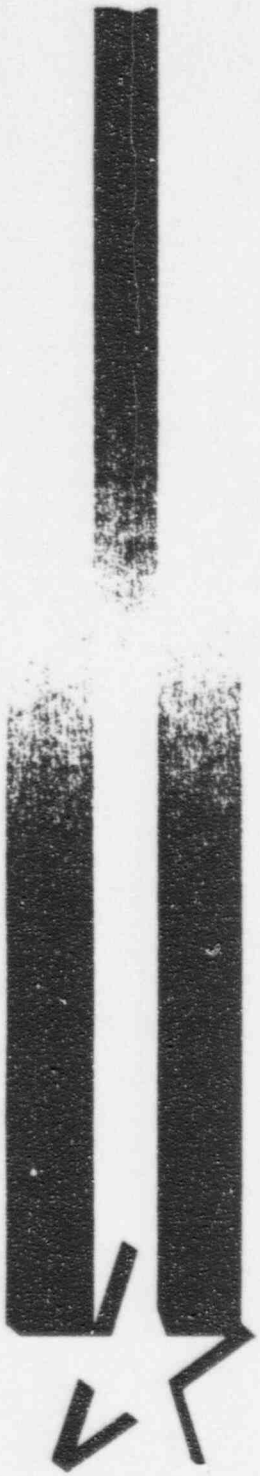
October 24-25, 1996

Sponsor: Karen D. Cyr, OGC
Writer: Roger K. Davis, OGC



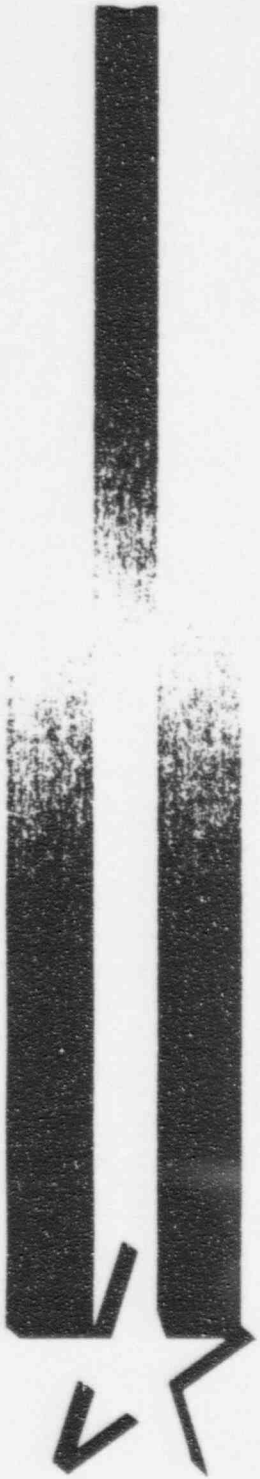
DSI 14

- ★ What Approach Should NRC Take to Optimize Its Communication with the Public?



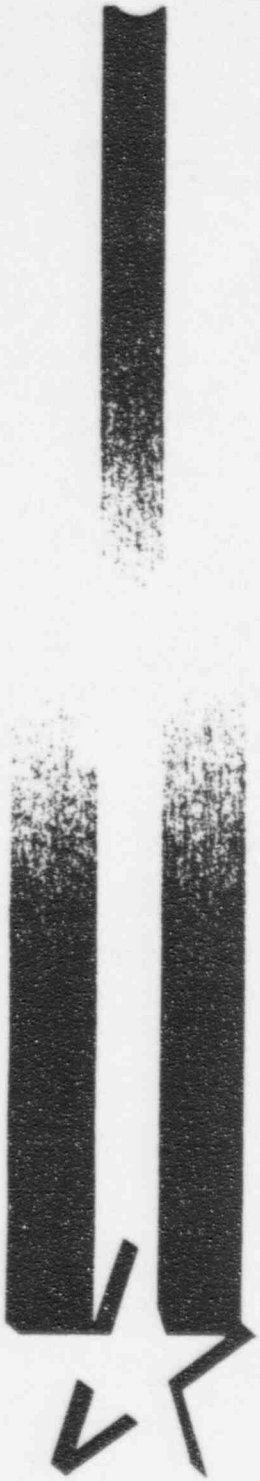
Key Factors

- ★ NRC has a strong program of public communications
- ★ Factors suggesting new opportunities
- ★ New NRC Initiatives involving public in enhanced rulemaking, revised 2.206 process, and enforcement conferences.



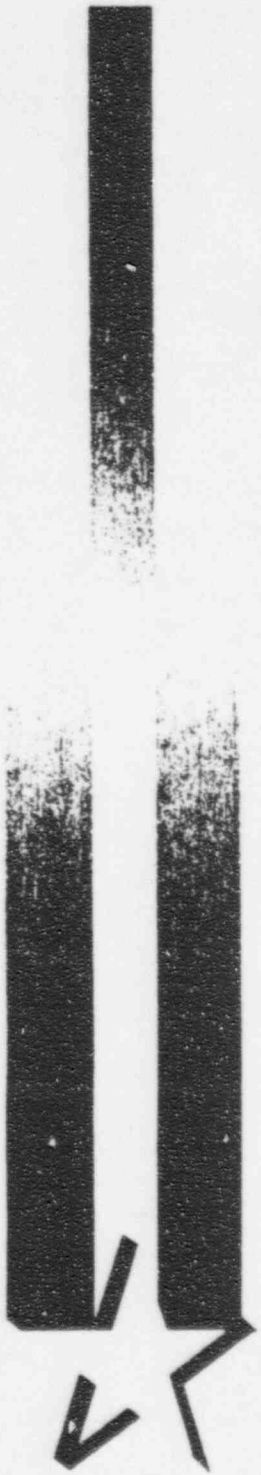
Key Factor 1 - a strong program of public communications

- ★ NRC policy favors public disclosure of information & broad public involvement
- ★ PDRs, LPDRs, Internet, Federal Register, NRC Regulations, FOIA, Public Affairs, Congressional Affairs and OGC's public liaison function



Key Factor 2 - Developments suggesting new opportunities

- ★ Legislation and Executive Orders promoting new technologies
- ★ Decommissioning and major rulemakings suggest need for more public involvement
- ★ New challenges facing industry such as deregulation & competition may present new regulatory challenges

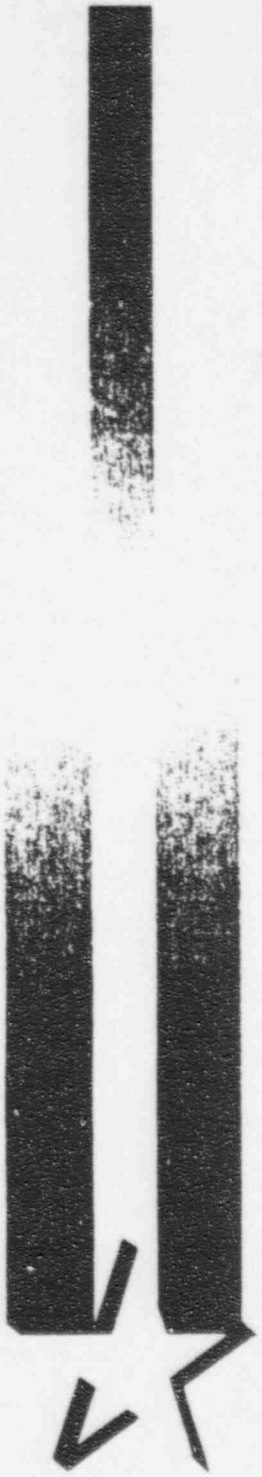


Key Factor 3 - NRC innovations and initiatives on which to build

- ★ Enhanced participatory rulemaking
- ★ Rulenet
- ★ Open enforcement conferences
- ★ NRC Citizen's Guide

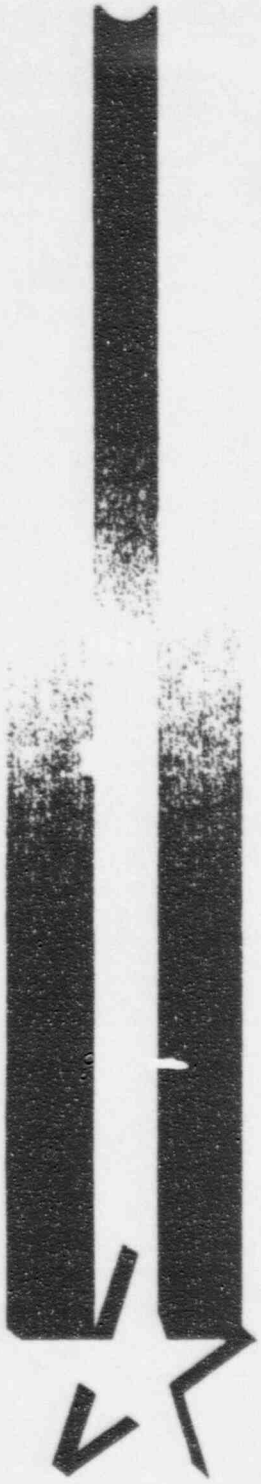
Options

- ★ Continue Existing Approach
  - – Focus on Maximizing Effectiveness and Economy
- ★ Place a Priority on Early Identification of Public Concerns and Methods for Public Interaction
- ★ Place a Priority on Expanding General Public Outreach



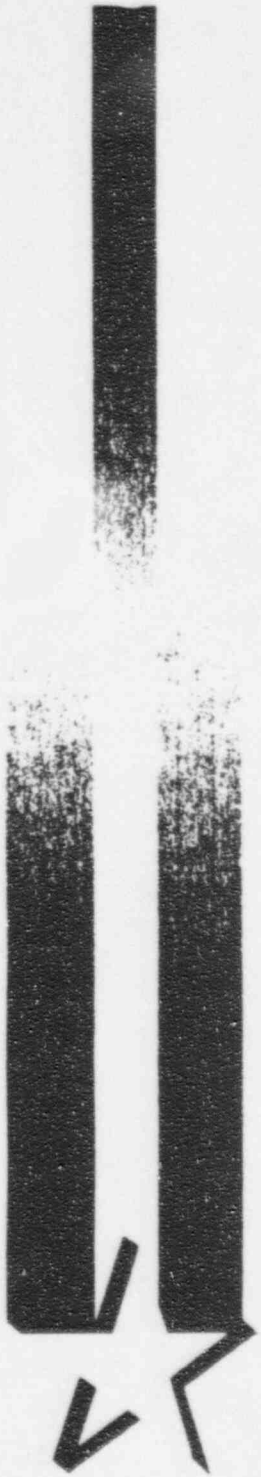
Commission's Preliminary Views

- ★ Priority on early identification of public concerns and methods for public interaction
  - The term "public" to be interpreted in broadest sense
  - Bilateral formal & informal communications covered
  - The role of technology should be carefully examined
  - Planning & coordination for public involvement should have a central focus
  - Implementation is responsibility of program offices



Commission's Preliminary Views (cont)

- ★ Maximize Effectiveness and Economy
  - NRC should have a consistent methodology and coordinated planning
  - Focus on examination of the highest cost activities
  - Perform better assessments of proposed improvements



Direction Setting Issue No. 13
Role of Industry

October 24-25, 1996

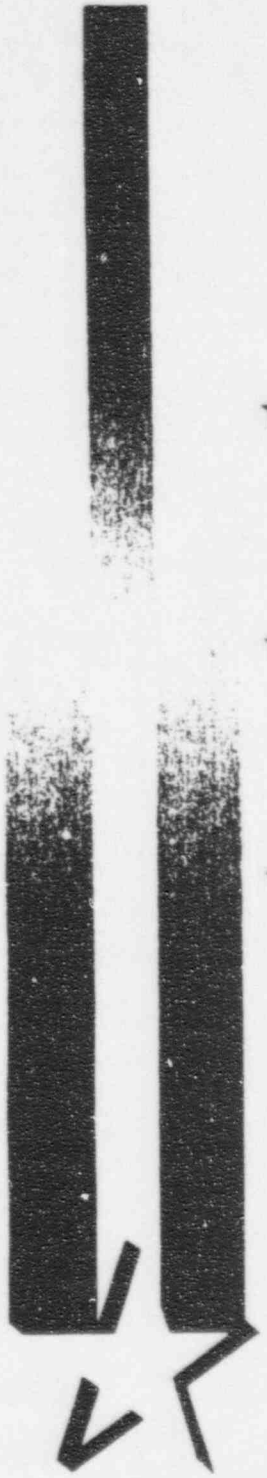
Sponsor: Edward L. Jordan, AEOD
Writer: Stuart D. Rubin, AEOD

DSI 13

- In Performing Its Regulatory Responsibilities, What Consideration Should NRC Give to Industry Activities?

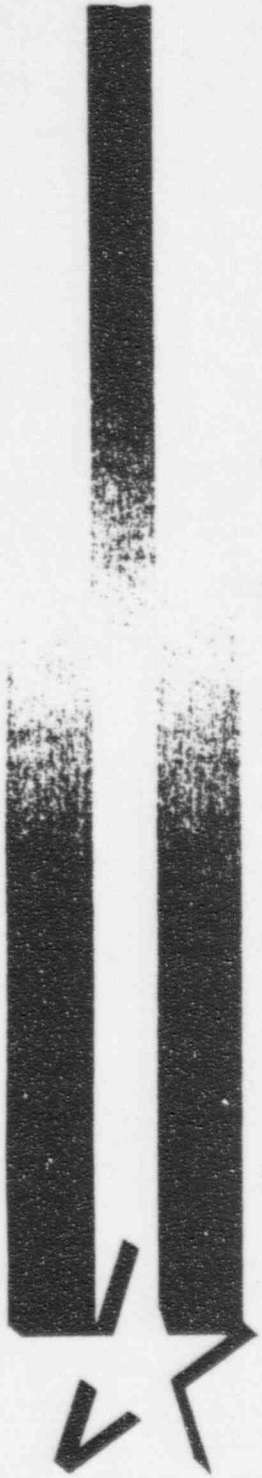
Key Factors

- ★ Activities specifically ordered by legislation cannot be delegated
- ★ Potential conflict-of-interest in industry "self-oversight" activities
- ★ Assuring public access to industry safety information
- ★ Improved reactor performance, nonreactor trends less clear
- ★ Effects of economic competition on licensee safety decisions



Key Factors

- ★ Licensees concerns over impact of regulatory activities
- ★ Codes and standards development require industry participation
- ★ Declining resources challenge development and implementation activities for new safety framework

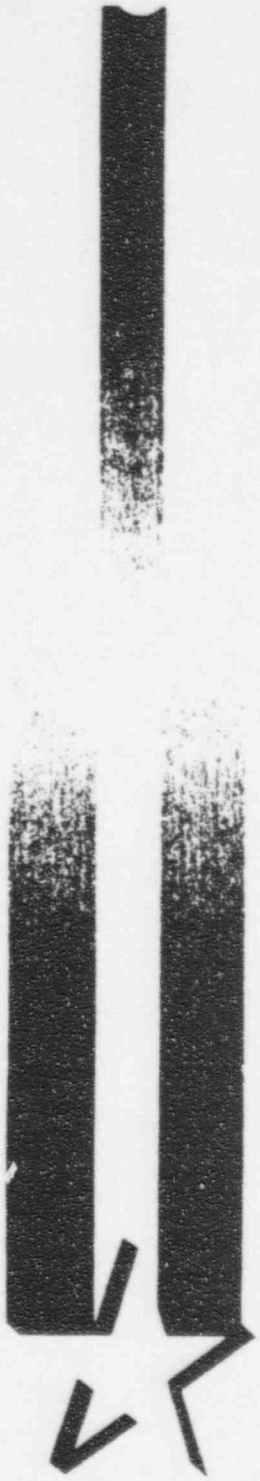


Options

- ★ Continue the Current Program
- ★ Expand the Role of Industry
- ★ Increase Accreditation and Certification of Licensee Activities
- ★ Increase Interaction With Industry and Professional Groups
- ★ Use a "Designated Industry Representative"

Commission's Preliminary Views

- NRC should move as expeditiously as possible, within budget constraints, to evaluate on a case-by-case basis, initiatives proposing further NRC reliance on industry activities as an alternative for NRC regulatory activities



Commission's Preliminary Views

- ★ NRC should increase its focus and emphasis on interacting with both industry groups and professional societies and technical institutes to develop new codes, standards, and guides needed to support efficient, effective, and consistent performance of industry activities important to safety
  - Initial activities should focus on standards development in probabilistic risk assessment and the medical use area

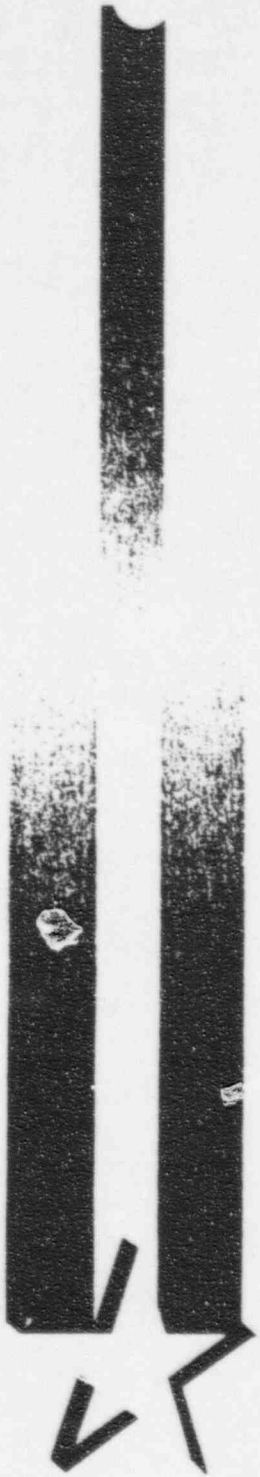
Commission's Preliminary Views

- ★ Although not a preferred option at this time, the use of a designated industry representative may have some potential use for large broad scope materials licensees where NRC oversight through inspection is not frequent

Direction Setting Issue No. 23
Enhancing Regulatory Excellence

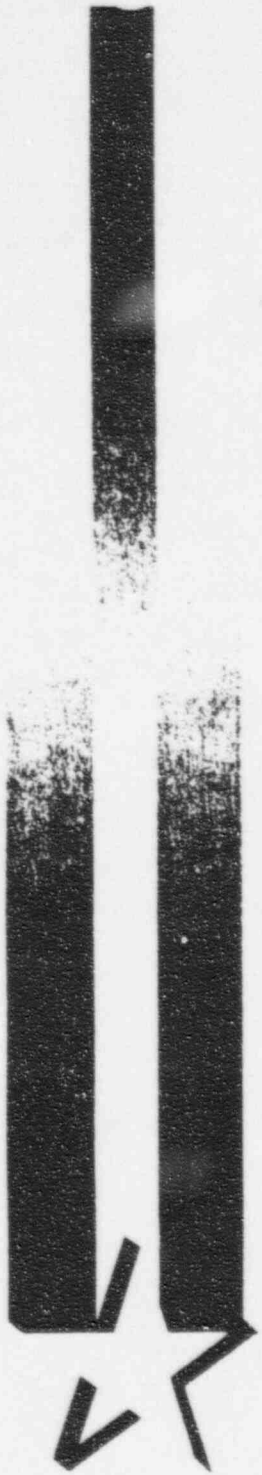
October 24-25, 1996

Sponsor: Edward L. Jordan, AEOD
Writer: Stuart D. Rubin, AEOD



DSI 23

- ★ How Can NRC Enhance Regulatory Excellence Through Maintenance of Regulatory Standards, Rules, and Requirements?



Key Factors

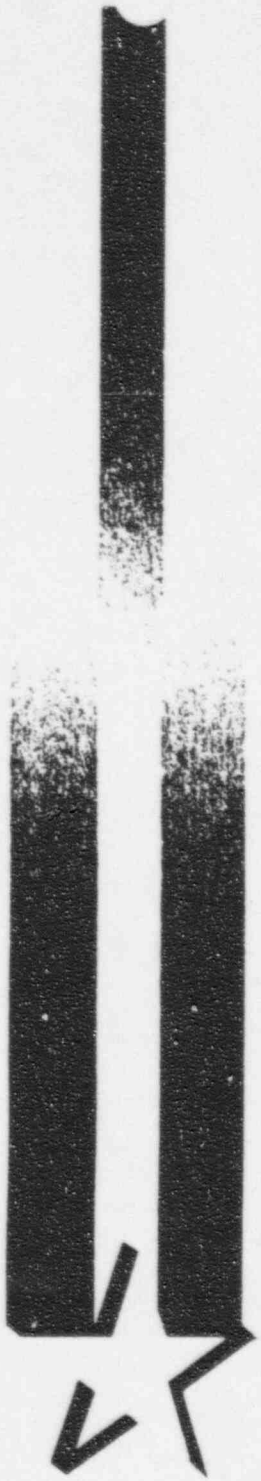
- ★ NRC has endeavored to improve the effectiveness of its regulatory framework through routine reviews and periodic internal self-assessments
- ★ NRC has been responsive to external lessons aimed at improving its regulatory framework
- ★ Recent initiatives may inadvertently create an attitude among the staff that regulatory efficiency is a priority objective as an alternative to the fundamental commitment to regulatory excellence and effectiveness in implementing NRC's health and safety mission

Key Factors

- ★ Changes that improve the efficiency of regulation for the NRC and the efficiency of compliance for licensees have been of particular interest to licensees; licensees have not emphasized changes specifically focused on enhancing regulatory effectiveness
- ★ A declining agency budget could result in fewer resources being available for improving the effectiveness of the infrastructure of NRC's regulatory framework

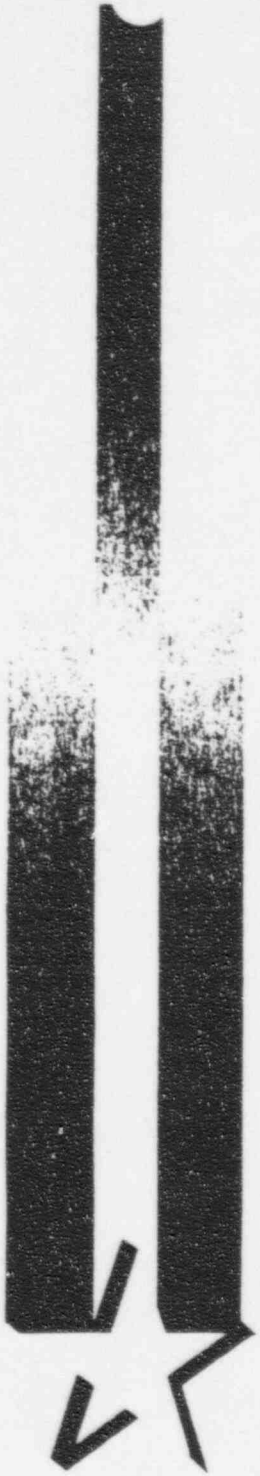
Key Factors

- ★ Recent events have revealed lapses in the agency's oversight activities; as a result of these occurrences, the credibility of the NRC as an effective regulator appears to have declined.



Options

- ★ Continue Current Approach
- ★ Initiate a More Proactive Approach to Improvement



Commission's Preliminary Views

- ★ NRC should develop and implement strategies designed to improve its own internal performance and proactively pursue making its people and processes function with a goal of excellence
- ★ A more proactive approach to improvement should be broadly applied to all NRC activities in support of NRC's mission