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3 NUCLEAR REGULATORY COMMISSION

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5 STRATEGIC ASSESSMENT REBASELINING INITIATIVE

6 AND

7 STAKEHOLDERS PUBLIC MEETINGS

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9 STRATEGIC ARENA:

10 SUPPORTING NRC DOMESTIC MISSION AND

11 NATIONAL OBJECTIVES IN THE

12 INTERNATIONAL AREA

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14 THURSDAY

15 NOVEMBER 7, 1996

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17 ROSEMONT, ILLINOIS

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19 The Supporting NRC Domestic Mission and
20 National Objectives in the International Area Session met
21 at The Ramada Hotel-O'Hare, 6600 North Mannheim Road, at
22 2:20 p.m., Doug Brookman presiding.

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25Agenda ItemPage

A Strategic Arena:

Supporting NRC Domestic Mission and

National Objectives in the International Area

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

(2:20 p.m.)

MR. BROOKMAN: Good afternoon once again. My name is Doug Brookman. I'll be facilitating this session. This segment of the afternoon, this breakout is to discuss direction setting issue number 20, International Activities. The sponsor for this paper is Jim Shea, and Jim will also be presenting this afternoon.

MR. SHEA: Thank you, Doug. I'm going to cover DSI-20, covering NRC's international activities, with the focus on areas other than research which you just heard covered by Themis Speis, including in that DSI the international research that NRC engages in. So I will focus on other areas of our activities.

In addition to my being the sponsor, we had two key writers for this DSI, Howard Faulkner of my office and Steve Crockett of the office of general counsel whose name doesn't appear up there but he did a great deal of the work. He's the fellow that did public communication initiatives this morning, DSI-14.

The next slide lists the DSI; what is the appropriate role of the NRC in developing and implementing policies on international nuclear matters. Broadly speaking, the activities in the international area that we engage in are designed to support NRC's domestic mission

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1 and broad U.S. national objectives. This question is
2 basically asking what should NRC's role be in the
3 international area within that broad frame work, should
4 that continue to be our focus, supporting those two areas.

5 The next slide, just to give us a good idea of
6 what our international activities consist of, the next two
7 slides will describe the four functions that make up our
8 international program.

9 The first is international policy and priority
10 formulation, basically a high level activity within the
11 Commission involving the Commissioners themselves and
12 senior staff to help support U.S. government policies
13 across the board through NRC's expertise and to develop
14 priorities to carry out NRC's international activities.
15 With our limitations on resources we have to prioritize
16 and decide which comes first, second, so on and how much
17 effort to devote to each. So that's what's involved in
18 the first function.

19 The second is export-import licensing, part of
20 what you see on this page and continues on to the next
21 slide. The first activity involves our direct export-
22 import licensing function in which NRC issues export
23 licenses for items such as reactors, reactor fuels, bare
24 parts, so on, directly nuclear related items. The second
25 item under that star indicates that we, in addition,

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1 consult on export related actions of other agencies.
2 These would be, for example, Department of Energy requests
3 to transfer technology to other countries. They have the
4 lead in that area but we provide advice to them. By
5 statute we have to do this and other agencies as well,
6 such as State Department, Defense, so on, would provide
7 input to their decision.

8 The Commerce Department handles dual use
9 items, those designed or potentially useful for both
10 peaceful and military purposes and we consult on those as
11 well. And in doing our export-import function, we obtain
12 comments from the State Department and other agencies as
13 well. So it's a very interactive process in which just
14 about everybody is able to comment on any proposed export
15 action of significance.

16 But continuing on, there's two sub-functions
17 that we included under the export area because they relate
18 closely to it, since they're part of U.S. non-
19 proliferation efforts and do involve export control. One
20 of these is the implementation of agreement between the
21 United States and the International Atomic Energy Agency
22 in Vienna to apply safeguards to nuclear facilities in the
23 U.S.

24 This was a commitment made by President
25 Johnson to enable other countries to feel that the U.S.

1 was accepting the burdens of safeguards just as we were
2 asking countries that had not developed nuclear explosives
3 to accept the burden of safeguards. So it was intended to
4 eliminate commercial disadvantage and to services spurred
5 to the international safeguards. NRC implements this by
6 helping select facilities at which safeguards are applied
7 and also to see that they're carried out and the reporting
8 of information is sent in to the IAEA promptly and
9 completely.

10 The last item under the export function is
11 NRC's program of assistance to strengthen the safeguards
12 of the IAEA. The Department of Energy is closely involved
13 here, too. We provide the expertise that we have in
14 domestic safeguards and physical protection to assist in
15 strengthening the safeguards applied by the IAEA to items
16 throughout the world, some of which are commodities which
17 the U.S. has exported. The U.S. and other countries
18 turned over their bi-lateral safeguards arrangements when
19 they export to another country, turn that over to the IAEA
20 and they take care of applying those throughout the world,
21 so we want to be sure they're as effective as possible.

22 The third function we've labeled mutually
23 beneficial international regulatory exchanges. These are
24 exchanges that we need to do to carry out our regulatory
25 job effectively. There were references made to this in

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1 the earlier sessions today, obtaining information from
2 abroad that we need in order to apply best practices to
3 our work and to find out, for example, about reactor
4 operating incidents abroad that can have direct
5 ramifications for our reactor regulation in this country.
6 A lot of the reactors abroad, of course, were built by
7 U.S. vendors and are very close in design to ones in the
8 U.S. So we're interested in operational data, acquired
9 from those design data on reactors abroad. Also not to
10 limit this just to reactors, but in the materials area,
11 waste area, what's happening there. There's an active
12 program of exchanges.

13 Emergency operation across international
14 boundaries and even collaborative activities to develop
15 common international approaches to problems like
16 formulating international safeguards. This would all fit
17 under this rubric in which both parties benefit.

18 The last area, international safety and
19 security assistance, describes our role in helping other
20 countries to improve their safety or safeguards. Here we
21 may obtain some benefit in response, but our main goal is
22 to assist in strengthening the regulatory organizations in
23 other countries, the NRC's abroad one might say, and that
24 is something done in support of broad U.S. national
25 interest, not really designed for obtaining information to

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1 help us do our job more effectively as we do with
2 exchanges.

3 The next slide, and continuing on for two more
4 after, describes the key factors that we see in the future
5 effecting these four international functions. The first,
6 the participation in U.S. policy and priority formulation
7 in the international area could be affected by changes
8 that occur in U.S. foreign policy and national security
9 objectives. We're directly influenced by these.

10 Secondly, by NRC interest of our own that we
11 wish to pursue, that could cause us, as often happens, to
12 initiate activities with usually the State Department to
13 propose certain policies and to argue for their
14 institution, and at the same time we do get requests often
15 from the Executive Branch, usually from the State
16 Department, but sometimes from the White House. There may
17 be subjects of very high national interest, and these,
18 changing over time, could affect our involvement in this
19 particular function.

20 The third, of course, reminds one of
21 Chernobol, an occurrence of a significant foreign reactor
22 incident. It can have a direct effect on us. We have a
23 major program of nuclear safety assistance to the former
24 Soviet Union and central and eastern Europe which didn't
25 exist a few years ago and it was a direct outcome of the

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1 weaknesses that were seen in regulation and safety in
2 these countries after the Chernobol accident.

3 The last factor, diversion of strategic
4 nuclear material or even the fear that that might happen
5 can affect us and cause, as has indeed happened, request
6 to come to us for stronger support of U.S. efforts, for
7 example right now, focused on Russia to strengthen their
8 control over nuclear materials, particularly those of
9 weapons capability that could be stolen or misused for
10 terrorist purposes.

11 The next slide looks at the third function,
12 export-import. We really don't see much change coming up
13 in that area. The exports case work load tends to be
14 pretty steady year to year. It may go up or down a little
15 bit, may change in character. Now we have a program based
16 on a new rule that went into effect a few months ago to
17 require licenses for export or import radioactive waste,
18 but at the same time, there are fewer reactor export
19 operation. So all in all, we don't think there's much
20 change likely there, even on the consultation cases with
21 other agencies. While there may be some big ones that can
22 take a lot of resources, the numbers tend to be the same
23 over the years. It only involves a few people in NRC
24 doing this so it's a low resource user.

25 The third, the exchange activities, could be

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1 affected by, of course, safety issues that come up either
2 in the U.S. or abroad. That could change what exchanges
3 take place and which countries we do them with or
4 international agencies. With tightening of the State
5 Department budget, there has been currently an intense
6 scrutiny of U.S. support for the nuclear energy agency
7 located in Paris through which a lot of our regulatory
8 exchanges take place, and also our international research
9 is coordinated there as well. So we're trying hard to
10 maintain that support for the NEA but it is under active
11 review at the moment.

12 And the last bullet notes that the chairman of
13 NRC just about a year ago proposed an international
14 nuclear regulators' forum that would involve heads of
15 regulatory bodies in various countries coming together to
16 discuss current issues and to plan on approaches to deal
17 with them. A stronger and more high level of regulatory
18 activities is what's envisioned here, possibly writing
19 even an overview or over-coordination of research
20 activities. The agenda of exactly what they would take up
21 has not been specifically formulated yet. The concept is
22 still being developed and I would think it would be
23 implemented probably within the next year and would be not
24 limited to reactor safety, although initially the focus
25 would be on reactors, but could cover nuclear materials,

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1 waste areas as well. So that's a factor we see
2 influencing what we do in exchanges.

3 The fourth function, the last of the key
4 factors slides is our assistance to other countries. And
5 of course, that could be affected by changes in U.S.
6 foreign policy goals and our national security objectives.
7 If the U.S. wants to have a stronger role in foreign
8 policy with certain countries, they could come to NRC and
9 ask for further program of assistance to be developed that
10 would enhance safety and also enlarge U.S. influence
11 abroad. Availability of external funding certainly is a
12 factor of our enlarged program of assistance. With the
13 former Soviet Union and central and eastern Europe was
14 only possible because of the availability of funding from
15 the U.S. Agency for International Development provided
16 from U.S. central budgets, as a supplement to our own
17 budget. We did not get reimbursed for our full time
18 equivalence, our staff but we are able to use this money
19 which runs several million dollars a year roughly for the
20 travel of our staff, the travel of people from these
21 countries to come to the U.S. and be trained, the training
22 itself, some equipment that we purchase and so on. So as
23 that funding goes up or down, that can affect what we do.

24 One item not mentioned here but seems to fit
25 in this area is the availability of NRC resources which

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1 can affect the effort that we can apply to this area.

2 Of course, as the next bullet indicates, the
3 willingness and ability of countries to accept the
4 assistance, that could be a significant factor. The
5 degree of the success of assistance, as we evaluate it
6 over time, if we feel we're getting somewhere, perhaps
7 continue it, but if we're not being successful, need to
8 adjust it, maybe shift the focus to different countries
9 and in general, doing an evaluation of its effectiveness.

10 The last bullet indicates that increased
11 energy needs abroad, as is happening now in the Far East,
12 can bring about an increased interest in nuclear power to
13 meet those needs and therefore, a need for strengthened or
14 maybe even the establishment of regulatory bodies and NRC
15 can provide such help to these countries. Of course,
16 we're not the only organization that can do this or even
17 the only country. The U.S. is part of an international
18 network of countries assisting, for example, the Russian
19 Ukraine nuclear safety. International organizations and
20 the private sector has a role and we really can't or
21 shouldn't do it all. We rely on contractors to a fair
22 degree as well.

23 That leads me to the next slide in which, as
24 we worked on the DSI and looked over our program, we
25 concluded that the key issue is this assistance area that

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1 I've just been discussing, we thought as using almost half
2 of the approximately 60 FTE's used for all of NRC's
3 international activities and most of that is for the
4 former Soviet Union and central European countries, post
5 Chernobol.

6 We see the external funding generally
7 declining. NRC FTE allocations also dropping. Across the
8 board our grand total for NRC, therefore, there are fewer
9 available for this type of activity which is not central
10 to our domestic responsibilities and it's influenced by
11 U.S. national objectives.

12 The third bullet indicates that while we've
13 made some progress, we really had some notable
14 disappointments in the effectiveness of the assistance in,
15 for example, Russia and been reasons for that, but that is
16 causing us to take another look at what we're doing. As a
17 result we thought, as indicated in the last bullet, that
18 it's timely and important to evaluate the future of
19 assistance to these countries and to consider new
20 approaches to make it more effective and efficient. For
21 example, we might focus on fewer countries and identify
22 their key regulatory needs, maybe work with organizations
23 in addition to the regulator. We're experimenting a
24 little bit here to see how to make that assistance more
25 effective. That will be treated in the follow on papers.

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1 At this point the DSI is addressing a broad policy
2 approach and questions of implementation is where we will
3 see this assistance area explored more as to improvements
4 and effectiveness and efficiency.

5 The next slide identifies the five options
6 that we considered in this study. They cover a wide range
7 and are distinct, with each one reflecting an approach or
8 philosophy that might be taken toward international
9 matters, and certainly one could add variations to them.
10 The best choice might be a combination, but we did look at
11 a range from a bare minimum type of international role,
12 cutting way back, even seek to get out of the export
13 function, see if we could extract NRC from its
14 responsibilities to implement treaties. Both of those are
15 problematic as to success but would be an aggressive
16 attempt to cut back our international role. We would stop
17 assisting other countries and focus our exchange
18 activities on just the countries that would benefit, our
19 domestic program most effectively.

20 Then we moved up to the next option which
21 involves accepting our statutory role in exports and in
22 treaty implementation, but we'd limit other international
23 activity to a minimum. Assistance would be wound down and
24 eliminated, for example.

25 The next would take an approach that our

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1 philosophy would be that under this option we should only
2 conduct activities of benefit to NRC's domestic mission.
3 Remember I said earlier that we right now support both
4 domestic mission and broad U.S. national interest. So we
5 would say, sorry, we're not going to support U.S. national
6 interest any longer, just carry out our domestic mission.
7 Of course, that would eliminate assistance, except where
8 it might produce benefits for our domestic mission and it
9 would enhance our exchanges with the focus just on our
10 domestic role. And we'd accept the export function and
11 the treaty implementation role. We wouldn't try to change
12 that.

13 The next is an option that is essentially what
14 we're doing now, conducting activities that benefit both
15 our domestic mission or U.S. interest activities, and we
16 would do our policy support, as we do now, for the State
17 Department, initiate activities. We would prioritize
18 activities pretty much as at present, carry out our export
19 role, support improvements in IAEA safeguards, implement
20 the U.S./IAEA safeguards agreement, carry out regulatory
21 exchanges that are pretty broad in character, although
22 they're targeted to the ones that we think would be the
23 most productive, and on assistance we would try to provide
24 a wide but carefully selected set of assistance
25 activities, not everything that might be done. So that's

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1 pretty close to the present situation, although it's
2 adjusting over time. For example, we're going now, as I
3 mentioned, to the greater use of contractors for
4 delivering assistance because of our reductions in NRC
5 staff.

6 The last option is at the other end of the
7 spectrum from the first, an all out effort to expand our
8 current level of activities, doing as much as we could,
9 seeking additional funding for assistance, try to deliver
10 that wherever we could around the world, have an even
11 broader program of international exchanges of mutual
12 benefit, of course, continue with export activities and
13 perhaps try to do more in IAEA safeguards support than we
14 do now and in enhancing the controls over nuclear
15 materials worldwide.

16 The Commission, looking over these options we
17 proposed, developed their preliminary views that are on
18 the next three slides. And basically they said it's
19 desirable for NRC to conduct international activities
20 that are of importance and benefit to our domestic mission
21 or U.S. national interest. So as elaborating further and
22 continuing, the agency would participate in international
23 policy and priority formulation; perform its current role
24 in export-import licensing and related safeguards matters;
25 perform current and prospective role in treaty

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1 implementation. That is, if new treaties came along we
2 would carry out our roles if we were the best group to do
3 that. And participate in exchange activities that would
4 benefit the two broad areas; and have a wide but carefully
5 selected range of safety and safeguard assistance.

6 So that's pretty close to option four, that
7 they have selected the current approach. On the last
8 slide, while accepting and agreeing to that option, they
9 also had a caveat that we are, as a follow on effort, to
10 examine the budget and priority of individual activities
11 in which we are engaged, and there are quite a few of
12 them. We categorized all the individual activities as
13 part of our strategic assessment in all areas of
14 Commission work and found quite a few in the international
15 area, so we'll have to look at each of these as to their
16 priority and develop a plan, including criteria, to
17 prioritize our activities.

18 And note here, the insert including research,
19 to assist the Commission in determining appropriate
20 expansions or reductions of programs depending on future
21 budget constraints. So this plan would take a look at not
22 just the activities described in DSI-20, but also those
23 described in DSI-22 that Themis Speis just described, and
24 look at that comprehensively to see where we might go in
25 the future and recommend that to the Commission for their

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1 consideration as a follow on effort.

2 The Commission is also sensitive to the fact,
3 as noted in the last bullet, that we're a licensee-fee
4 based agency, and so the primacy of international
5 activities to our mission would be an important
6 consideration in this study. And in that we would look at
7 identifying efficiencies for consideration and the
8 Commission wanted us to develop criteria for sunsetting
9 certain activities. So that would be a rather complete
10 look at all those areas.

11 That completes my presentation. I welcome
12 comments, views on what's been presented with regard to
13 international activities for the Commission.

14 MR. BROOKMAN: Questions, comments, thoughts
15 on this presentation? In particular, questions or
16 comments on the Commission's preliminary view that is
17 selecting option number four.

18 James, I notice, though, in selecting item
19 number four, they've kind of added a bunch of additional
20 things to item number four. Can you comment on that a
21 little bit briefly?

22 MR. SHEA: The last slide in particular?

23 MR. BROOKMAN: Yes, yes.

24 MR. SHEA: I think what you see there is a
25 reflection of the current realities, budget restrictions

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1 and the fact that we really are not able to do everything
2 that we'd like to do, even under the current approach. I
3 think it's a caveat that they want us to look over
4 activities and look at the priority of each within some
5 sort of an organized frame work to see which are the most
6 important, the next most and so on down the line, so that
7 we can have the sense of what we can do and can't do if
8 our budget restrictions become greater and greater, and
9 even at the present time, to look at whether some
10 activities might be concluded that we've been engaged in
11 because they're no longer effective or we find a better
12 way to handle them. I think they want a comprehensive
13 look at this as part of the follow on effort and not just
14 stay status quo and continue on. I think that's what I
15 see there, with certain sensitivity to the fee based
16 character of our effort.

17 MR. BROOKMAN: I see. Thank you. Follow up
18 comments, questions?

19 MR. SWANK: Dave Swank, Washington Public
20 Power. I agree with the Commission's concern that you are
21 licensee-fee based. I guess I don't understand we can
22 justify taking a limited subset of the American public
23 which is the rate payers for the power reactors who fund
24 the majority of the staff's fees and asking them to carry
25 national interest overseas, when that's not of direct --

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1 obviously it's of some benefit to them, but it's also a
2 benefit to other people who are not being asked to fund
3 it. I guess I will ask the question. Is there an effort
4 underway or have you considered that perhaps Congress
5 should be paying for a portion of the NRC fees to cover
6 these type of activities if the staff is going to continue
7 in that vein?

8 MR. BROOKMAN: Thank you.

9 MR. SHEA: I might just say generally we are
10 interested and have tried to obtain funding for these
11 activities, such as international activities and other
12 parts of NRC work that involves responsibilities of this
13 sort, but have been unsuccessful in doing so. Congress
14 keeps turning us back to, do it and recover as much as
15 possible from fees.

16 MR. MIRAGLIA: Frank Miraglia, NRC staff.
17 Tomorrow Jesse will indicate that the Commission has
18 actively pursued, and in a number of instances, provided a
19 report to Congress that essentially asked for about a ten
20 percent reduction from the fee base to cover activities,
21 not only this one, but other activities that would be
22 marginally in that category. Congress asked for the
23 report; the Commission provided the report, provided
24 testimony on the report but there was no action nor
25 relief. In fact, the Congress I think -- and Jesse can

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1 speak to this more -- has extended the 100 percent fee
2 recovery to the year 2002 or 2003.

3 With respect to a broader issue that you
4 raised, there's a question of importance to NRC's mission.
5 There's that aspect out there that an accident anywhere in
6 the world impacts our program and mission. So it's kind
7 of hard to draw the line sometimes. I think we learned
8 some lessons in that regard with respect to Chernobol. So
9 that's another issue that's there. It's a thorny one,
10 it's one that's on the plate and table, and any views that
11 anyone cares to offer on how to go through that, would be
12 appreciated.

13 MR. SWANK: I didn't mean to imply that the
14 staff had the only responsibility in this area. Clearly
15 all of us, the industry in particular, has an equal
16 obligation or stronger obligation to go back to Congress
17 and use our input to Congress to get the right thing to
18 happen.

19 MR. BROOKMAN: Thank you for putting that on
20 the record. We would encourage you to have a more
21 detailed discussion, participate in that tomorrow on fees.
22 We will cover that in depth.

23 MR. KAUSHAL: Just as a comment on anything
24 happening internationally like Chernobol affects the
25 industry. I submit to you that the nuclear industry

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1 didn't exist in the United States, a Chernobol in Russia
2 will still affect the United States. So it's really not
3 an industry issue, it's a national issue and it should be
4 handled nationally with national taxpayers' money.

5 MR. BROOKMAN: I believe that comment confirms
6 the preliminary view that these efforts are important for
7 U.S. national interests.

8 Additional comments on the Commission's
9 preliminary view, number four? I note, for example, on
10 page 21 of this issue paper, where under option number
11 four, which is to benefit NRC's domestic mission and U.S.
12 interest, it lists a series of priorities. I think
13 perhaps I'll just read those; they're brief, and see if
14 those in the room subscribe to those priorities, think
15 those are the ones that should be at the top of the list.

16 They are: to meet U.S. treaty obligations; to
17 actively participate in the development of U.S. government
18 policies related to nuclear safety and security matters;
19 to perform export-import licensing and associated
20 safeguards functions; to operate in exchanging regulatory
21 information; to assist the FSU and CEE countries to
22 upgrade their safety and security; and to help build a
23 solid regulatory safety infrastructure in countries with
24 emerging nuclear power programs.

25 Jim, it strikes me that many of these, most of

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1 these are the principal focus of what you're doing now.

2 MR. SHEA: Yes, that's right. Those are
3 really a specific formulation. That describes what we are
4 doing currently, as I outlined in the presentation. This
5 is an attempt to formulate those function by function, a
6 reasonably good capturing of those functions.

7 MR. BROOKMAN: What about those criteria? Do
8 you think those are the criteria that the Commission
9 should be using to guide its efforts? I see a head or two
10 beginning to nod but no one is leaping up to make a
11 comment for us.

12 MS. JOHNSON: Irene Johnson, Commonwealth
13 Edison. I think the criteria is something the industry
14 can buy into. It's obviously all inclusive.

15 However, on a different question, perhaps you
16 can speak a little bit as to how the scope of the NRC's
17 mission in the international community differs from, say,
18 the activities of IAEA to insure there isn't a duplication
19 of effort?

20 MR. BROOKMAN: Thank you.

21 MR. SHEA: The activities involve cooperative
22 programs between U.S. utilities, mainly reactor operators
23 and counterpart groups in other countries, particularly in
24 former Soviet Union, central and eastern Europe, to
25 exchange information on good practices, focus on safety I

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1 believe and that is an activity which I think is pretty
2 distinct and certainly a very good one, very much
3 encouraged by the U.S. government and involves the people
4 who are actually operating the nuclear plants and the
5 operating organizations, utilities in those countries. Of
6 course, they have different structures than we do. In
7 NRC, what we focus on is the regulator. So we usually
8 don't work very directly with plant operators. We work
9 with the regulators trying to train the people there in
10 western approaches to safety, in developing the standards
11 that we use and so on. There's a good complementary work
12 there and it's not duplicative.

13 The Department of Energy is also heavily
14 involved in providing assistance to these countries and
15 they are involved much more with the operators and the
16 plants in those countries. They provide assistance,
17 though, in things like emergency operating instructions at
18 plants. That's been a main focus of DOE's work for the
19 last few years. It turns out they had few instructions
20 there on what to do in an emergency at these plants and
21 they needed to be developed. To show the relationship,
22 DOE spurred those on while -- worked the plants on day to
23 day operating experiences and approaches within the plants
24 and NRC worked with the regulator and when these operating
25 instructions were drafted, the interface then was made

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1 with the regulator in Russia to be sure that they were
2 comfortable with what was being developed for use at the
3 power plants. That's roughly the relationship there.

4 With regard to the IAEA, the IAEA has a
5 program of assistance to other countries and we've worked
6 with them for many years in that area. They have a
7 certain level of funding, part of which comes from the
8 U.S. The U.S. provides about 25 percent of the budget of
9 the IAEA. They develop assistance programs based on the
10 capabilities that they have or that they could marshal
11 through contractors or consultants that they bring in,
12 providing training programs and so on. And we keep a
13 close watch on what they're doing to be sure that it
14 doesn't duplicate what we're doing. There's so much to be
15 done that there's room enough for a lot of groups.

16 I'd like to give just one little example. We
17 recently started a program with Armenia, to help them
18 strengthen the safety there as they started up that
19 nuclear power plant. And we found that the IAEA had some
20 money to devote to this effort and we worked out a program
21 in which they handled, for example, emergency cooperation
22 and emergency plan development and emergency operating
23 center, while we focused on areas like fire protection and
24 regulations. So that's roughly the relationship.

25 MR. BROOKMAN: Additional follow on questions,

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1 comments? One question I had as I looked at this list of
2 priorities was whether any kind of declining budget,
3 whether you're going to be able to do all this.

4 MR. SHEA: Well, there's I guess a difference
5 between doing it with a big D and doing it with a little
6 D, so to speak. The activities can be carried out in all
7 of these categories, but the level of effort that you
8 apply to them depends on the resources that you have
9 available.

10 For example, the money, the FTE's, and as I
11 indicated, that's changing over time and will be certainly
12 a factor that will greatly influence the program. It has
13 already, as we've moved to put a lot of the work with
14 Russia and Ukraine out onto contract and which our staff
15 is managing the contracts now more, rather than delivering
16 the assistance as we did before, due to resource
17 restrictions. So that's the approach we've taken, tried
18 to do something in each of these areas to the extent we
19 can and yet prioritize the activities that we engage in so
20 that they're all important ones and we keep the basic
21 thrust going.

22 MR. BROOKMAN: And among these activities do
23 you see a significant spike in the demand for your
24 services among any of them?

25 MR. SHEA: The big spike I guess came a few

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1 years ago, after the Chernobol accident. In some of the
2 countries enough progress has been made fortunately to be
3 able to come close to declaring victory and eliminating
4 further work in that area. For example, with Hungary and
5 now pretty close on the Czech Republic, we feel we've made
6 enough progress to be able to reduce or even eventually
7 eliminate our effort there with some tapering down with
8 the Czech Republic because the nuclear power plant that
9 they're bringing on line and need to regulate, we've been
10 training them in that area. But Hungary is basically
11 finished. We have little involvement there now because
12 they have a good solid regulatory group.

13 The work in Russia is still needed and that's
14 a continuing one that they still plan to retain nuclear
15 power and even to expand it. But there have been a lot of
16 problems, and Ukraine has a continuing need and Bulgaria.
17 They're probably the three top countries I think in need
18 and so the general sense I get is there's a continuing
19 steady need for safety assistance. Here again, I'm
20 focusing on safety rather than safeguards, and safeguards
21 is on its own track and there's a continuing need there as
22 well. Not so much a spike, but maybe over time, a gradual
23 tapering down unless some new problems develop. Of
24 course, Indonesia, for example, is building several
25 nuclear power plants, so they are in need of developing

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1 regulatory body and we're helping train some Indonesians
2 right now. They're with NRC staff.

3 And the Far East, with the expansion of the
4 Chinese program, that's going to continue. So I don't see
5 any really big spikes, kind of a continuing effort with
6 emphasis in those two parts of the world.

7 MR. SWANK: You mentioned Indonesia and China.
8 They're buying their plants from other countries. Why
9 aren't the other countries providing them with the
10 regulatory assistance as opposed to the U.S. taking on
11 that task when we're not getting the business?

12 MR. SHEA: Well, I think with Indonesia it
13 isn't 100 percent decided yet that the U.S. is out of the
14 running there, so I think that's still a possibility. And
15 in the case of China, it's true that they have built
16 plants provided by other suppliers and are planning to do
17 more but they very much want to buy from the U.S. and the
18 U.S. government is trying to establish the conditions to
19 be able to make those sales. As you know, there are
20 problems involving non-proliferation concerns that
21 prevented the U.S. from exporting there.

22 But the U.S. has been assisting both of them,
23 but we do look at the level of effort in terms of the
24 value of our assistance. That is, if it's a reactor that
25 they are buying from the U.S. we have the most knowledge

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1 about it and can provide the most effective regulatory
2 assistance or something similar. If it's, for example, a
3 Westinghouse design from France, well, that's pretty
4 similar as well. So we look at all of those factors and
5 mostly can we provide the assistance effectively, if it's
6 a can-do. If we're not the right people, we don't even
7 try. But in answer to your broad question, these other
8 countries are providing assistance. It isn't that they're
9 not doing anything. The French, with China, provided a
10 good deal of help and others as well, that they are now
11 building or planning to build, that Canadians may sell
12 them some can-do's and they will provide assistance. The
13 U.S. is in a supplemental mode in these areas, but we
14 probably would do more if the U.S. were to make a reactor
15 sale there.

16 MR. BROOKMAN: Additional comments or
17 questions at this point? Do you think there's anything
18 else?

19 MR. SHEA: No, I don't think so, Doug. I
20 think we covered it pretty well.

21 MR. BROOKMAN: Then let me thank all of you.
22 I appreciate your coming. I appreciate your comments and
23 your questions. This session will be ending now. Thank
24 you.

25 (Session concluded at 3:05 p.m.)

C E R T I F I C A T E

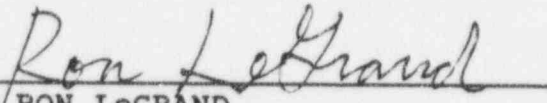
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Docket Number: N/A

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