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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Briefing on
GENERAL SAFEGUARDS

Wednesday, January 18, 1978

Commissioners' Conference Room
1717 H Street N.W.
Washington, D.C.

The briefing convened pursuant to notice at
10:00 a.m.

PRESENT: Commissioners Hendrie, Kennedy, Glinsky
and Bradford.

1 CHAIRMAN HENDRIE: I am sorry we are late getting
2 started this morning. We had some difficulties gathering the
3 necessary quorum.

4 The meeting this morning is concerned with a general
5 briefing on the Commission's safeguards programs and
6 activities. This is yet one more in a series of general
7 briefings on major topic areas of the Commission's business.
8 The intent of this series of briefings is, in each of these
9 areas, to provide an overview of what is going on in the
10 area, the problems at hand, the programs that have been
11 provided and are being considered to deal with them, to give
12 the Commission an opportunity to try to look at a major topic
13 area as an entity, to try to see whether we in fact have
14 reasonable coverage in these areas, what other things might need
15 to be initiated, and so on.

16 The subject this morning then is safeguards. Lee,
17 I see the safeguards staff is at hand.

18 MR. GOSSICK: They are here. Dr. Smith can introduce
19 the subject, and Mr. Burnett will give the overall briefing
20 which reflects the activities of many parts of the NRC
21 staff.

22 MR. SMITH: You have already given my introduction.
23 Bob Burnett, who is the Director of our Safeguards Division
24 in the Office of Nuclear Materials Safety and Safeguards will
25 make the presentation.

1 I want to amplify on what Mr. Gossick said, that it
2 does represent a coordinated effort on the part of all NRC
3 offices in the area of safeguards, so that in pulling this
4 briefing together, it has required the utmost in coordination.

5 Without further ado, you can go ahead, Bob.

6 MR. BURNETT: I would like to distribute to the
7 Commissioners yet two further pieces of paper. I will give
8 them to the Secretary now, so you can have them readily at
9 hand during the discussion.

10 One is just a review of the five major areas I will
11 be discussing, and the second is an overall briefing format.
12 I think it should be stated the difference between this briefing
13 and the one recently received by you concerning the
14 financial safeguard effort, that being the contract research.
15 This briefing covers, in addition to those subjects, the
16 operational responsibilities of each office.

17 For the new Commissioners, I would reiterate that
18 there are five major offices involved in safeguards, and of
19 course International. There are six divisional Directors
20 of Safeguards. And they all did participate in the generation
21 of this document. Obviously all of the programs that we will
22 cover here today --

23 COMMISSIONER KENNEDY: You say there are six
24 divisional Directors of Safeguards?

25 MR. BURNETT: Yes, sir. There are one each in the five

1 main areas, and one in International.

2 COMMISSIONER KENNEDY: Thank you.

3 MR. BURNETT: Yes, sir. As I was going to say,
4 obviously there are a lot of efforts being pursued of a complex
5 nature, and I am not in a position to answer detailed questions
6 on each project. But representative in the audience are people
7 who will delve into the detail that you desire on any specific
8 project.

9 Without any further ado, if I could call your attention
10 to the briefing format, first we will cover the overall safeguard
11 goals, the participants in and outside NRC, resources, manpower,
12 money, and then go into a project discussion.

13 (Slide)

14 We have designed the briefing to move from a major
15 activity area, as defined further in the briefing, down to the
16 specific project. I will cover as we step down in that
17 development effort, projects that I believe have already been
18 marked or earmarked of Commissioner interest, or ones that I
19 believe from our own knowledge that we believe you will have
20 interest in.

21 If you have any specific questions, just stop us as we
22 roll on. Towards the end we will present a paper showing
23 the projects that will be coming to you in the next four-month
24 period, and, finally, we will end up with those that you presently
25 have before you that the staff is awaiting guidance on.

(Slide)

I don't plan to spend a great deal of time on this. Of course you know the goals of safeguards, to protect the American public, and also the non-proliferation aspects of our responsibilities.

(Slide)

COMMISSIONER GLINSKY: Our responsibilities extend to materials in the civilian sector, right?

MR. BURNETT: Yes, sir.

COMMISSIONER GLINSKY: You probably ought to make that qualification.

MR. BURNETT: Okay. As I say, I think we are all together on this, but the military aspects of non-proliferation are outside of the purview of NRC.

COMMISSIONER GLINSKY: We have responsibility for materials in the licensing sector.

MR. BURNETT: Correct.

COMMISSIONER KENNEDY: Which it should be recorded is not necessarily restricted to the civilian sector. The license sector may well involve material which is going to the --

COMMISSIONER GLINSKY: That is intended for military uses, yes, I think that is right.

(Slide) -

MR. BURNETT: This is just a quick resume of the

1 offices that are involved in a small one-liner to give you some
2 idea of the major emphasis in their offices. This is not
3 to detail their total responsibilities.

4 (Slide)

5 Number 4 shows the participants outside of the
6 NRC boundaries that we are working closely with on domestic
7 matters, the FIB, CIA, Customs, DOD, DOE. On the international
8 front, State Department, ACDA, DOE, and of course the
9 same participants in the implementation of IAEA safeguards.

10 (Slide)

11 This is a quick rehash, really, of the last briefing
12 showing manpower devoted to safeguards areas, and the funding
13 presently in '78 and projected in '79. That funding that
14 you see represents both T and A research.

15 (Slide)

16 Now folling the format of the briefing, all of
17 the safeguards activities have been divided into five major
18 areas as you see in the left-hand column, regulatory base,
19 licensing, monitoring licensee operations, additional Federal
20 responsibilities, and general. On the right side they are
21 supported by general categories. This was necessary to get
22 to the next step of specific projects. There are 11 categories.
23 Each category will be defined as to what the object of the
24 category is and how the programs in that category support it
25 for resolution.

(Slide)

The first one, establish a basis for regulations. The objective is to build a broad base for establishing safeguard requirements. The categories were simply conveniently chosen so that we could put the ongoing projects into these categories. They are not something that you have seen before, you may not really see them again.

I think the next one is of most interest, number 8, where we start to get into specific projects.

(Slide)

I might call your attention to the first one, the Material Control and Accounting Task Force, which was formed sometime ago, it was reformed about six months ago to produce documentation coming to the Commission outlining our goals and how we can achieve those goals.

As you see on the right, that report is due to come to you in March. It is on schedule. The draft is now being circulated among the Staff for comment, and we see no slippage there.

Moving down to the second one, regulatory policies, there are two really I should call attention to, the deadly force issue, which NRC has been asked to address has been undertaken within NMSS. We have draft documentation and it is also being circulated now amongst the staff and it will be getting to you very shortly, again in March.

1 CHAIRMAN HENDRIE: What is the relation of this
2 ongoing effort on the deadly force issue to that? Didn't we
3 publish in the Federal Register a statement on deadly force,
4 at least for --

5 MR. BURNETT: A partial statement, sir. In that
6 statement we directed the fuel cycle guard forces to intervene
7 themselves between the material and the aggressor, thereby
8 establishing themselves in a position of protecting themselves
9 and they would fight force with force.

10 In addition to that, Congress specifically asked
11 NRC to explore the possibility of requesting additional
12 legislation to develop the deadly force issue, or the right
13 to use it, and not being in a protection --

14 CHAIRMAN HENDRIE: I see.

15 MR. BURNETT: And that paper is in a drafting form.
16 Also another one of Commissioner interest is classification of
17 sensitive fuel cycle and safeguard information. That has
18 been forwarded to you for action and it will show up later.

19 Under the third billet, general risk analysis,
20 adversary characteristics. This was a study started out of
21 the CONRAD allegations, and it is due in mid summer. It is
22 a very encompassing report, looking at the training, the weaponry
23 available and the mobilization that would be used for adversary
24 forces. It is a very complete study on the capabilities that
25 we believe is possessed by the adversaries.

1 COMMISSIONER HENDRIE: Is that in-house?

2 MR. BURNETT: It is in-house, but we are going to
3 both DOD and DOE, exploring their threat base, comparing
4 that to ours, trying to come up with comparability. So although
5 the effort is being carried on in-house, it coordinates all
6 facilities of the government that we think are germane.

7 MR. PEDERSEN: I note that the schedule is for mid-
8 summer. And the revised proposed upgrade rule is now scheduled
9 for February. How are those two meshing, since obviously
10 this risk analysis is an important aspects of the upgrade?

11 MR. BURNETT: As you know, they are both being
12 done in my office, and we are taking care of that mesh. Even
13 though we have had a slight slippage in our adversary character-
14 istics, it is really in getting the paper work together. Our
15 threat is not changing. And the work that is going on in
16 upgrade is actually resulting from the public opinion that came
17 in to make a more acceptable package to the public, and yet
18 provide us adequate security. And we are dovetailing this.
19 Since they are both in my office, we are doing it.

20 MR. PEDERSEN: So you don't see anything coming
21 out of this risk analysis that would change anything?

22 MR. BURNETT: No, sir, and that is being watched.

23 The final one, I hesitate hitting anything in
24 this area here, but I think the SECOM program might be of
25 interest. There is a medium amount of money directed in this

1 area, and this is an attempt to keep continuous communications
2 of our vehicle transporting S and M, when they are moving
3 from site to site.

4 COMMISSIONER GLINSKY: With this Material Accounting
5 Task Force, does it look like we will be able to make
6 any improvements?

7 MR. BURNETT: Yes, sir, resulting from specific
8 Commissioner guidance in our last meeting, we actually
9 precipitated into the reformation of that group, and we
10 have addressed problems that were enunciated at that meeting
11 and we hope to give you the exact recommendations on how to
12 move ahead. I have back-up material on it. Some of the things
13 that should be done, define the roles and objectives of
14 material control and accounting, recommend goals, assess
15 existing regulatory base and capabilities in light of these
16 goals, provide direction for development.

17 COMMISSIONER GLINSKY: Is material accounting
18 emerging as an important part of our program? There was some
19 tendency, I think, in the past to emphasize physical security
20 to the disadvantage of materials accounting.

21 MR. BURNETT: Both are important, and we need an
22 integrated approach.

23 MR. SMITH: I think the thrust of the report will be
24 to specify those areas in which we perhaps ought to make
25 changes in our licensing requirements, or our regulations with

1 regard to material control and accounting. In other words,
2 is there anything we should be doing differently in the area
3 of material accounting and control.

4 MR. BURNETT: Both long term and short term, by the
5 way.

6 (Slide)

7 If I can move to program area B now, formulate and
8 implement regulations. In this area our objective is to
9 work on and to draft or revise regulations, assess public
10 comment, and issue regulations.

11 (Slide)

12 Plate 10, in this area it was hard to find any
13 number of categories to put these projects in, short of
14 exactly the number of projects. So you will notice that I
15 vary from the briefing format and only list the actual
16 projects.

17 Some that I would like to call to your attention is,
18 number one, physical protection of nuclear power reactors,
19 the SD/NRR project. As you know, much of it has been
20 completed. The only outstanding issue is the pat-down search,
21 and that is still on schedule as you all were advised.

22 The second one, which is your upgrade physical
23 protection in transit, will be coming to you in February.

24 Upgrade guard force is another important one. And if I could
25 jump to the bottom four, these four have already been forwarded

1 to the Commission for action.

2 (Slide)

3 To move on to area C, develop guidance and standards
4 for licensees. In this area we attempt to clarify our
5 objectives, and performance criteria. And also we provide infor-
6 mation and technology and methods that can be used by
7 licensees. I think both of these will be better defined if
8 we go to the actual programs. Most of this effort is being
9 carried on by SD.

10 (Slide)

11 It is done in conjunction with other offices, but
12 SD has most of the action, except for the final billett there,
13 which is a National Bureau of Standards study. All of these
14 documents are given to the licensee in an attempt to help him
15 design his systems and regulations and procedures. The
16 quantity that you see here does not represent that
17 exact number of papers. There are many papers and guidance
18 and standards being developed, or guides, and these are generically
19 the subjects that are being looked at.

20 (Slide)

21 Program area D. Develop effectiveness evaluation
22 methods. Generally this is known as modeling within NRC.
23 The objective is to produce criteria that is repeatable, that
24 removes the subjective judgments from our inspections and
25 evaluations.

(Slide)

The first four projects are the research efforts. Number one is the research effort 1 as reported to you earlier. the others follow suit. Number 2 is there, number 3, transportation, is there, and number 4 is there. As you know, the Commission has tagged 1 and 4 for further review.

COMMISSIONER GLINSKY: These are what, basically computer models?

MR. BURNETT: They are both. I think that Research could best answer any real specifics you have on that, Commissioner Glinsky. But they are both computer and also other pieces of paper that could be used in evaluation. Would you like to say anything in addition to that Frank?

MR. ARSENAULT: I don't understand the thrust of the question.

COMMISSIONER GLINSKY: Is the objective to build some kind of computer model that evaluates protection of the site?

MR. ARSENAULT: The objective of the evaluation methods, and they are methods, which include the use of models, the major thrust is not to develop the model. The objective of these projects is to codify the methods used in the evaluation of safeguard systems during the course of the regulatory process, both the licensing and the inspection. We would expect that the methods would also be useful to licensees in the design process. The thrust of the project is

1 to codify the methods used in evaluation, to supply objective
2 or authoritatively derived data to support the judgments made
3 in the evaluation, and to provide automated or systemitized,
4 systematic, procedures for following through with the
5 evaluation process.

6 MR. HALLER: And it includes computer models.

7 MR. ARSENAULT: It does includ modeling, most notably
8 in modeling the safegaurd systems under study. The principal
9 value of thsee systematic evaluation methods will be the
10 capability to communicate both the process and the basis for the
11 judgments, both subjective and otherwise, made in the evaluation
12 process.

13 COMMISSIONER BRADFORD: Can you do a for instance?

14 MR. ARSENAULT: I can do many of them. I am not
15 sure exactly what you want.

16 COMMISSIONER BRADFORD: Pick your favorite.

17 MR. ARSENAULT: Do you mean give an example of the
18 activities that would be pursued in evaluationg a safeguard
19 system?

20 COMMISSIONER BRADFORD: Yes.

21 MR. SMITH: Example of the model.

22 MR. ARSENAULT: If we were going to evaluate the
23 protection system at a nuclear power reactor to protect against
24 sabotage, the fdirst step would be to model the facility
25 and its safeguard system by collecting that data, and a very

1 useful technique for that is the use of the interactive computer
2 graphics. You can actually place the physical plant lay-out
3 into the computer and display it. The virtue of that technique
4 is you have an interactive terminal so you can then locate
5 the safeguard mechanisms that exist in the plant on that plant
6 lay-out. You can also plot physically the potential paths to
7 be taken by adversaries within the plant. And there are
8 lograrithms and techniques for allowing you to determine
9 what the interaction between the adversary and the plant system
10 would be. That is, what detection mechanisms are involved.

11 COMMISSIONER GLINSKY: What would this allow the
12 licensing people to do that they couldn't otherwise do?

13 MR. ARSENAULT: The modeling capability, together
14 with procedures for its use, would allow them to use uniform
15 methods for determining which adversary actions were to be
16 examined in the course of the licensing review, and a uniform
17 format for the production of the data on which they make their
18 judgments. This would be an advantage.

19 MR. HALLER: It also requires you to make subjective
20 judgments at certain points, because there are human factors
21 involved which are not quantifiable in the sense of engineering,
22 and it will give one a chance to make sensitivity studies of
23 variations in human behaviour and to settle on codified ways
24 of handling human behaviour, so everyone does it the same
25 way.

1 MR. BURNETT: We will hit this in detail when we
2 come back to discuss, as you directed, projects 1 and 3.

3 MR. HALLER: We are planning a briefing in early
4 February of some staff, both here and some Congressional staff.
5 We would be glad to accommodate you at that time.

6 COMMISSIONER BRADFORD: Codify, I think I just
7 realized, I was having trouble, codify in your terminology
8 doesn't mean what it would be to a lawyer. Codify means put into
9 a computer code?

10 MR. HALLER: It means that one can explore the effect of
11 a particular parameter, whether it be human or engineering,
12 and determine that this is the way we are going to treat that.
13 Just as one has to determine what the adversary force is,
14 you codify that by saying this is the size of the adversary
15 force. You have to codify that this is the way the guard
16 force will respond in such and such a situation.

17 COMMISSIONER GLINSKY: What does that have to do with
18 interacting terminals?

19 MR. HALLER: It allows you to make sensitivity studies
20 very quickly to determine how it affects the matter, among
21 other things.

22 MR. ARSENAULT: The fact that the computer terminals
23 are interactive has its principal value both in the
24 research and design. The licensee would want to use one
25 for design purposes. The licensing reviewer requires the

1 interactivity aspect of the modeling capability to a much
2 lesser extent. It appears to us right now he would still welcome
3 that flexibility, so he could explore the variations as in the
4 various things he has to review. It is possible if one
5 could standardize both the plant and the requirements and the
6 adversary characteristics and postulated threats, that the
7 interactive capability would be totally irrelevant to the
8 licensing procedure.

9 MR. HALLER: I think that might come some years
10 down the way, when we have had enough experience to say if you
11 meet this set of requirements you are all right. I don't think
12 we know that yet. I think we will have to go through a period
13 of several years of trying to understand what these requirements
14 should really be.

15 MR. BURNETT: I would like to call your attention
16 to the last item there, assessment of existing techniques. We
17 have taken at least one of RES' outputs, in addition to some
18 other techniques that were developed in NMSS, and we are
19 putting them into the field in a test format under our
20 control.

21 (Slide)

22 Program area E, licensing review. I don't think I
23 need to say a whole lot about this. You can see the categories,
24 we are involved with new facilities, changes in old
25 facilities' security plans, export-import, and implementation

1 of new or revised regulations. There are many projects
2 going on in this area.

3 (Slide)

4 This package has a typo, physical protection of
5 nuclear reactors I show as NRR, and there is an extensive
6 effort being done in I&E to support them as well as the
7 National Laboratory. That was a typo, my fault.

8 I call this one to your attention although for another
9 reason, this is the current round of evaluations at all of the
10 facilities and NRR hopes to complete that effort by August
11 of '78. It is still on time, I am told.

12 The contingency planning, which is the second item
13 there, I call to your attention because you are scheduled to get
14 a briefing on that, I believe, next week.

15 Dropping down to the last one, import-export,
16 a paper has come to you recently asking for guidance
17 having to do with foreign physical security plans.

18 COMMISSIONER GLINSKY: When did that come up?
19 I haven't seen it yet.

20 MR. GOSSICK: I still have it. I just got it
21 this morning.

22 COMMISSIONER GLINSKY: So it ought to be up pretty
23 soon?

24 MR. GOSSICK: Yes.

25 MR. BURNETT: Okay. I don't see anything else on that

1 sheet, unless the Commissioners do.

2 (Slide)

3 F, environmental impact analyses from a safeguard
4 point of view. As you know, this is becoming an increasingly
5 interesting area. Although GESMO is now over, we have been
6 asked to look at additional safeguard impacts for both new
7 facilities and renewals.

8 COMMISSIONER KENNEDY: What are those additional
9 requests you have? Can you be more specific?

10 MR. BURNETT: Like we are starting to look at
11 spent fuel storage facilities. Is it a benefit from a
12 safeguards point of view to guard those facilities? If that
13 is done, then we have to look at it from an environmental
14 impact viewpoint also. This has been levied on us --

15 COMMISSIONER KENNEDY: Isn't there some sort of
16 environmental review undertaken in connection with the
17 licensing of the extension?

18 MR. SMITH: You mean in the renewals?

19 COMMISSIONER KENNEDY: Yes.

20 MR. SMITH: That is true.

21 MR. BURNETT: And also on the other fuel cycle
22 facilities.

23 COMMISSIONER KENNEDY: Is this part of that, or
24 independent of it?

25 MR. BURNETT: This is part of it.

1 MR. SMITH: He is taking about the safeguards input
2 into those evaluations.

3 COMMISSIONER KENNEDY: All right. It is not an
4 independent one. All right.

5 MR. BURNETT: No. This is new.

6 COMMISSIONER KENNEDY: I would not have been
7 surprised if the answer would have been the other way.

8 COMMISSIONER GLINSKY: You are covering the entire
9 line of safeguards matters here, not just the fuel cycle?

10 MR. BURNETT: That is correct, everything. Some
11 of this, as that area shows, is NRR and SD, as well as us.

12 I will hit the GESMO thing in particular. As you
13 know, it was decided to go with the technical report,
14 that is currently scheduled to be sent to you for review in
15 February. We are hoping to hold to that date.

16 COMMISSIONER KENNEDY: Excuse me. You covered one
17 of these. You said, I think you used the word s that there
18 were several or at least some of these environmental impacts
19 of significant licensee actions. What others are there?

20 MR. BURNETT: There are others.

21 VOICE: Air transportation, and our input into
22 spent fuel storage.

23 VOICE: There is a generic statement being
24 worked on for fuel - storage too; we are working on that.

25 MR. BURNETT: That one just started.

1 COMMISSIONER KENNEDY: This is the longer term fuel
2 storage?

3 MR. BURNETT: Yes, sir.

4 COMMISSIONER KENNEDY: Okay. Thank you.

5 MR. BURNETT: (Slide) Program area G, Evaluate,
6 Inspect and Enforce. As you can see, our objectives are
7 to conduct inspections and investigations to determine
8 licensee compliance with safeguard requirements, evaluate the
9 adequacy of these systems, and obtain the necessary corrective
10 actions, which is the enforcement area.

11 (Slide)

12 Next, specifically inspect, evaluate, inform and
13 enforce is an IE function and they support all shipments,
14 fuel cycles, and reactors in this function. They also have
15 laboratory support when needed. They have an annual budget
16 to look at certain samples and things like this. Also the
17 comprehensive evaluation program has looked at four
18 facilities, one has been sent to the Commission, which is the
19 Wood River report. There are three more that are going
20 through the final phases of writing right now, and the
21 remaining facilities should be taken up almost immediately
22 one by one. We started with the facilities that had been
23 identified as somewhat weaker than the others, you know, to
24 hit them first.

25 VOICE: Where does the Wood River report stand now?

1 MR. BURNETT: At the Commission briefing for Wood
2 River, the Commissioners asked two questions, one having to
3 do with the manpower devoted to this effort, and the
4 second question is escaping me. Norm, do you remember it?

5 VOICE: It had to do with the source scrap.

6 MR. BURNETT: Going into Wood River. That has been
7 completed. In addition, we are rewriting the letter that
8 was in that package going to Udall and that letter is in the
9 coordination chain and the EDO has brought interest to the
10 area, and it will be provided to you rapidly.

11 COMMISSIONER KENNEDY: What does that mean?
12 Can you quantify that?

13 MR. GOSSICK: In 24 hours I will have some real
14 problems with this on the staff.

15 COMMISSIONER KENNEDY: That is a very precise
16 quantification.

17 MR. BURNETT: Okay. That definitely recognizes
18 interest in the subject.

19 And development of advanced inspection and evaluation
20 techniques. As you know, both offices are working on
21 that, RES, NMSS and IE.

22 (Slide)

23 Program area H, Contingency operations, to be
24 sure that proper steps are taken within NRC and within the
25 appropriate Federal, state and local agencies. This

1 involves threat assessment, national level planning, which is
2 also covered in the briefing that you will be getting next
3 week, and assistance to licensees in determining contingency
4 plans.

5 (Slide)

6 Next, the projects that are being pursued in
7 support of this area. Headquarters plan again keeps showing
8 up. I know you are not completely aware of what that is. But
9 there is an extensive briefing scheduled for you on this.
10 My office is pursuing interagency agreements --

11 COMMISSIONER GLINSKY: What is it?

12 MR. BURNETT: It is a contingency plan to give
13 guidance to all of the different elements of NRC in how
14 to conduct themselves, what has to be covered, should we
15 have an incident, and what type of information will be available,
16 how we operate on it, and how we keep running. It is an
17 extensive briefing. I don't think there is anything else on this
18 sheet that should be discussed, unless you all have an
19 interest.

20 CHAIRMAN HENDRIE: Let me ask you about some of the
21 threat assessment information sources. Some of these sources
22 obviously run to classified sources, and are not appropriate
23 for discussion here. But could you make any sort of summary,
24 general summary statement about how well situated we seem to
25 be on information sources and so on?

1 MR. BURNETT: Yes, sir. We are getting better. We are
2 negotiating treaties, I mean agreements with --

3 CHAIRMAN HENDRIE: Treaties may be the right
4 word.

5 MR. BURNETT: That may have slipped out.

6 COMMISSIONER KENNEDY: And they may indeed be
7 subject to ratification.

8 MR. BURNETT: I am attempting to hit the major
9 suppliers of intelligence information with agreements, that
10 being the FBI, CIA, NSA, and so on. Our interest there is
11 to both develop a data base that we can get long-range
12 planning on, what are the trends in threats, and, two, an
13 immediate action should we uncover a situation that puts
14 one of our facilities in peril.

15 Now should that happen, that information is
16 evaluated and put into the IAT for evaluation, and at that point
17 NRC actions are discussed.

18 COMMISSIONER KENNEDY: What is the nature of the
19 evaluation?

20 MR. BURNETT: The immediacy of the threat and
21 the extent of the threat.

22 COMMISSIONER KENNEDY: It is not in the accepted
23 term -- or is it -- an intelligence evaluation?

24 MR. BURNETT: It is an intelligence evaluation as
25 it would affect nuclear facilities. I think that is somewhat

1 different than the broad connotation of intelligence.

2 MR. GOSSICK: Mr. Chairman, this is an area we have
3 had some discussions on before, and I have had Mr. Dirks working
4 in this general area. In fact, he has chaired what we call
5 an Intelligence Coordinating Group, that keeps track of our
6 various interests in this area. As you are well aware, we
7 have other interests that have to do with the export non-
8 proliferation areas where the receipt is primarily in
9 another channel. But it is an area where we need to come to you
10 and talk to you about as to exactly some of the additional
11 things we may or may not wish to do, seek some policy
12 guidance from you in this area, as well as clarifying, I think,
13 what has to be admitted is less than a precise definition of
14 responsibilities within the staff.

15 CHAIRMAN HENDRIE: Okay.

16 MR. BURNETT: In that same vein, if I could extent
17 this a minute longer, we have experienced some difficulties
18 from time to time in dealing with other organizations, getting
19 what we felt we need, and it is hard to pinpoint the exact
20 reasoning, but there is some concern about our availability
21 through the FOIA process. They have some hesitancy and we
22 are tackling that as it comes up. I wouldn't have a specific
23 thing to bring to you at this time.

24 COMMISSIONER GLINSKY: You are talking about
25 classified information?

1 MR. BURNETT: Yes.

2 COMMISSIONER GLINSKY: Which is exempted from FOIA.

3 MR. BURNETT: The trouble is it is hard when
4 intelligence is passed, a lot of times it is not clear
5 whether it is classified or not. We have to go back to them to
6 get further clarification, and it is just a continual exchange
7 back and forth, and they say "Damn it, I would have been better
8 off if I hadn't given you this." It just makes it a little
9 hard. But as I say, I don't have a specific thing to bring
10 to you for action at this time. I just wanted to let you know
11 about it.

12 (Slide)

13 To move on to international coordination, this one I
14 think you are very much up-to-date on, because IP gave their
15 briefing last week. Many of the things that they are
16 working on we are working on also and supporting them.

17 COMMISSIONER GLINSKY: What is this bilateral infor-
18 mation exchange?

19 MR. BURNETT: These are simply meetings that we
20 have with foreign countries, to come in and just talk more or
21 less informally. There is a continual exchange, what are we
22 doing, what is our experience here, what has been the acceptance
23 of this role by our licensees, that type of information.

24 The visits have dropped off lately. DURING the
25 summer they seem to peak. Nobody wants to come to Washington

1 in the winter. It is around Cherry Blossom time.

2 COMMISSIONER KENNEDY: Do you find this provides
3 a useful input, or is it mostly advice to others?

4 MR. BURNETT: Oh, no, I think it is useful. I have
5 personally met with several delegations. No, I think it is
6 a useful exchange.

7 COMMISSIONER GLINSKY: Is this mostly on physical
8 security, or does it cover other subjects?

9 MR. BURNETT: It is mostly on physical security,
10 if I had to answer that straight. Recently we have integrated
11 the inspection side into it. In the past they have said how
12 do you insure this is happening, so I asked I&E to get
13 involved in this. There is also some materials consideration.

14 COMMISSIONER GLINSKY: When you say bilateral, this is
15 with other countries, not with IAEA?

16 MR. BURNETT: That is correct, direct with other
17 countries. That is why we did single it out.

18 COMMISSIONER GLINSKY: What is our relationship to
19 SAGSI?

20 MR. BURNETT: I would direct that question to Mr.
21 Page, who I think can answer that fully.

22 MR. PAGE: There is an interagency committee consisting
23 of DOE, ACDA and the Department of State, and NRC, that
24 considers the items for the agenda of SAGSI and provides comments
25 to Dr. Bennett, who is the U.S. representative to that.

1 We meet periodically, when information is provided by Dr.
2 Bennett to us to look at. So it is more of a technical
3 advisory type of committee.

4 COMMISSIONER GLINSKY: You are advising him, rather
5 than instructing him?

6 MR. PAGE: Yes, sir.

7 COMMISSIONER KENNEDY: From whom does he get his
8 instructions?

9 MR. PAGE: He works directly for IAEA.

10 COMMISSIONER KENNEDY: Sohe doesn't get instructions?

11 MR. PAGE: He doesn't get instructions from the
12 U.S. Government at all. He is an IAEA employee, but he does
13 ask for technical advice on topics that come up.

14 (Slide)

15 MR. BURNETT: The next package shows the individual
16 projects supporting this program. You will notice the
17 areas that are being pursued. I don't plan on discussing
18 any of these.

19 COMMISSIONER GLINSKY: Could you say a word about
20 the subsidiary arrangements? Who works those out on the
21 U.S. side?

22 MR. BURNETT: The same gentleman you were talking
23 to.

24 MR. PAGE: Again this is an interagency group headed
25 by the Department of State that has been developing the

1 subsidiary arrangements over the past year. We have met
2 in Vienna, a couple of times in this country. At our last
3 meeting in Vienna in November we --

4 COMMISSIONER GLINSKY: We are members of this group?

5 MR. PAGE: We are members of this group. It is
6 headed up by the Department of State, but the same agencies,
7 ACDA, Department of Energy and us are members. We have gotten
8 the subsidiary arrangements developed to the point now where
9 we are fairly close to agreement, but we have not gotten a
10 formal response back from IAEA as a result of our last
11 meeting. But we think most of the issues are fairly close to
12 being completed to the satisfaction of the interagency group,
13 and as soon as we get some response back from IAEA, we will
14 bring it up for review by the Commission.

15 COMMISSIONER GLINSKY: Could you explain the
16 difference between a subsidiary arrangement and facilities
17 attachment?

18 MR. PAGE: Yes. Of course there is the basic
19 US-IAEA agreement which the Board of Governors approved in
20 September '76. After you have the basic agreement which
21 sets forth the basic elements for application of safeguards
22 in this country, there are subsidiary arrangements which
23 spell out the detailed requirements that will be applied. The
24 detailed requirements are not plant-specific. The facility
25 attachments are used to set forth what requirements will

1 apply on a plant-by-plant basis. So the facility attachments
2 are in effect part of the subsidiary arrangements. There is
3 a general part of the subsidiary arrangements and then there are
4 specific requirements that apply to each facility.

5 COMMISSIONER GLINSKY: So, in other words, every
6 IAEA agreement of this kind has subsidiary arrangements and
7 facility attachments?

8 MR. PAGE: Yes, sir.

9 COMMISSIONER GLINSKY: Thank you.

10 CHAIRMAN HENDRIE: Onward.

11 MR. BURNETT: I will pause a moment to see if the
12 Commissioners have any further questions.

13 (Slide)

14 Information systems, the new program area.
15 Develop, operate and maintain information systems which
16 provide for collection and dissemination of information.
17 I don't think we have to dwell on that too much.

18 (Slide)

19 The projects that are being pursued in support of
20 this. I guess the major thing we should discuss here is the
21 difference between the ISIS program and the work being carried
22 on by the first billet, which is the Oak Ridge effort.
23 We currently are a subscriber to the Oak Ridge effort.

24 COMMISSIONER GLINSKY: Didn't that have a
25 different name earlier?

1 MR. SMITH: I think he has it there, NMIS.

2 COMMISSIONER GLINSKY: Weren't there a lot of
3 problems with that system being way behind?

4 MR. BURNETT: There are a lot of problems with that
5 system. I just queried it two days ago and it was interesting
6 to see what came back. But we are a subscriber to that
7 system presently at about \$660,000 a year.

8 COMMISSIONER GLINSKY: What do we get out of it?

9 MR. BURNETT: That is a very good question, and I
10 asked the very same question. I asked for a study to be run on
11 how often we go to it and what we get out of it, because
12 my experience with it last week was less than perfect.

13 COMMISSIONER KENNEDY: Do we put anything into it?

14 MR. BURNETT: We require that licensees put in it.
15 I don't think NRC goes directly to it. I want to check with
16 I&E. Do you have any direct inputs into it?

17 VOICE: We use it.

18 MR. BURNETT: We require that things go through
19 it through our regulatory process, but we ourselves are
20 not an inputer.

21 MR. HALLER: That is my understanding.

22 COMMISSIONER GLINSKY: We have been asking about
23 the usefulness of this system for the last three years at
24 any rate.

25 MR. PAGE: One problem with the system is that the

1 basic reports used to go to the Oak Ridge operations office
2 for taking the information from the forms submitted by licensees
3 and put in in a form to go into the computer. The computer
4 is presently operated by Union Carbide. The Department of
5 Energy recently decided the transcribing of the information
6 to put it in a form ready for the computer should also be
7 done by Union Carbide people. So we think improvements will
8 show up now with this being done. DOE just did not have
9 enough staff working on it in Oak Ridge, but by using a
10 contractor they will.

11 COMMISSIONER GLINSKY: This has been going on a long
12 time. What would we do with this system if it were working
13 right?

14 MR. PAGE: The information is useful to identify
15 shipper receivers. We have given to the computer certain
16 things where the alarms go off. If the shipper and receiver
17 measurements differ by a certain amount, the alarms go off and
18 we request certain reports. It is useful to give an index
19 of transactions, so inspectors will have this information
20 available before they go to make an inspection so as to
21 simplify the auditing of the records.

22 There are problems in the system, because there are
23 errors in it, which we are trying to solve right now. The
24 system is designed to be useful, but there are some problems
25 right now that limit its usefulness.

1 COMMISSIONER GLINSKY: Does DOE use the system?

2 MR. PAGE: Yes, they do.

3 COMMISSIONER GLINSKY: Is it basically their system
4 that we have tacked onto?

5 MR. PAGE: It was the old AEC system. In about 1970
6 or 1971 when the Director of Regulation started separate
7 budgeting, we were given an assigned pro rata contribution,
8 I think about one-third of the operation of the system, either
9 30 or 40 percent. So we have been continuing to work with it
10 since that time.

11 COMMISSIONER GLINSKY: Why can't all of this just
12 be fixed up rapidly?

13 MR. PAGE: It is a matter of staff resources and
14 devoting the time to it. And we are attempting to do that.

15 COMMISSIONER GLINSKY: Don't they have 25 or 30
16 people down there working on it?

17 MR. PAGE: There was a problem when it was assigned to
18 the Oak Ridge operations office, because those people who
19 were assigned to transcribe the information from the forms
20 to the computer were assigned other functions, and the forms
21 would stack up. Now, with giving the information to Union
22 Carbide to do directly, we think the system will work much
23 better.

24 MR. PEDERSON: At one time we were going to
25 get out of the system, and it was going to be replaced by ISIS.

1 What is the evolutionary length of that process? We are
2 still throwing money into this to try to patch it up.

3 MR. BURNETT: The evolutionary process is being
4 slowed down somewhat. As you know, project 7 was identified
5 by the Commission for further information, and that is the
6 ISIS support. If we could get ISIS up to speed, which would
7 take one to two years of development effort, there would
8 probably be about a three-year crossover, where we would get
9 our information into ISIS and turn the Oak Ridge system off.

10 MR. PAGE: The information we are getting out of
11 NMIS is on transactions and material in the hands of
12 licensees. ISIS would be a comprehensive safeguards system
13 that would contain information on physical security, information
14 pertaining to license applications, information on inspections,
15 et cetera. This is a small part of what ISIS would do.

16 MR. PEDERSON: ISIS would replace this?

17 MR. PAGE: It would replace it in the long run.

18 COMMISSIONER GLINSKY: Who runs the Oak Ridge
19 system, the office or the laboratory?

20 MR. PAGE: Union Carbide operates the system under
21 instructions from the Oak Ridge Operations Office, which in
22 turn takes their instructions from the Division of Safeguards
23 and Security at headquarters DOE.

24 (Slide) -

25 MR. BURNETT: The next program area to be taken up

1 is Planning. Coordinate safeguards staff and contractual
2 resources. This is an effort that has just started in the
3 past six months. There was an initial effort called STAR,
4 but in November Mr. Gossick expanded it and further substantiated
5 the base of STAR into what it should and should not do. So
6 it is becoming functional. Of course you are starting to see
7 that resulting in the financial picture we painted you last
8 time.

9 (Slide)

10 Also the integrated safeguards plan was assigned to
11 our office back in May. It is hoped to have that out
12 within the next month. It is kind of a snapshot in time of what al
13 of the offices are doing. It is a lot like this briefing,
14 but it is much more detailed.

15 COMMISSIONER KENNEDY: Presumably that will be
16 in a sense, as you describe it at least, sort of an inventory,
17 or, as you say, a snapshot in time of what is in place
18 and ongoing?

19 MR. BURNETT: Yes, sir.

20 COMMISSIONER KENNEDY: I suppose from there it will
21 go on to look to the future?

22 MR. SMITH: Yes.

23 COMMISSIONER KENNEDY: In the nature of a genuine plan
24 for what ought to be done by all of the offices?

25 MR. BURNETT: Yes. In what we were requested for in

1 the document that requested this be done, it was a snapshot in
2 time. But it is obvious any problems illuminated in that snap-
3 shot would have to be dealt with.

4 MR. GOSSICK: I think our primary emphasis when we
5 started out on this was to try to gather together in one
6 package what everything was that was going on, pretty much as
7 Bob said this morning. But we were principally concerned with,
8 one, overlaps, conflicts between responsibilities within the
9 staff, and gaps in the effort that should be covered. It has
10 been a fair struggle to get it pulled together, but I think
11 we are getting there.

12 COMMISSIONER KENNEDY: Thank you.

13 (Slide)

14 MR. BURNETT: This is a listing of proposed papers
15 that will be coming before you. All of these are January, so
16 you are going to see one of the two of us is going to be very
17 busy.

18 The first one is to get out the remaining projects that
19 were both identified by the staff and by the Commission in
20 the budget presentation and the projects supporting that
21 money.

22 The last one, number seven, we have Congressional
23 interest in. We were asked by Congress to look at the
24 overlap that existed between NMSS and I&E and to formulate--

25 COMMISSIONER KENNEDY: Refresh my memory. When

1 were we asked to do that?

2 MR. BURNETT: I have an action item out of your
3 office, Lee.

4 MR. GOSSICK: Which is this? I am sorry.

5 MR. BURNETT: It is number 7. It came out of
6 Udall, I believe.

7 MR. GOSSICK: There is a requirement in one of the
8 conference reports which requires us to provide to the
9 Congress a statement with regard to the either overlap or
10 not of functions between the safeguards operation and our
11 inspection and enforcement.

12 MR. BURNETT: _ By January 31 of this year. And I&E
13 and Safeguards are working dilligently on an interface
14 agreement. We now have it at a point that it is very very
15 close to being mutually acceptable by both teams and
16 it will be consumated in support of this effort.

17 (Slide)

18 Again, number eight is pat-down, number 12 materials
19 control, number 13, deadly force, scheduled for March. I
20 will mention in passing that that is coming up again, this
21 is an I&E effort now. MNSS and I&E coordinated the first
22 one, we are still coordinating it, but they now have the
23 lead in this area, and they are shooting for an April release.

24 COMMISSIONER GLINSKY: That will cover what period
25 of time? The six months and older?

1 MR. BURNETT: Correct. Because you know there is
2 the classification that it will be downgraded after six months.
3 But in addition to that, low-enriched will be released on this
4 next time around, low-enriched inventory differences.

5 COMMISSIONER KENNEDY: When was that decided?

6 MR. BURNETT: I&E?

7 MR. HALLER: I didn't hear the question.

8 COMMISSIONER KENNEDY: Bob suggests that low-enriched
9 data is going to be released in the next round of releases.
10 I was just wondering what is the genesis of that decision?

11 MR. HALLER: There have been requests in the past
12 for the low-enriched uranium data. If we are able to overcome
13 possible proprietary problems which licensees might have with
14 this data, we see no reason why it should not be released.

15 COMMISSIONER KENNEDY: I am not questioning it.

16 MR. GOSSICK: It was a point Mr. Dingell came down
17 on pretty hard. DOE didn't make up their mind if they were
18 going to release it or not.

19 MR. SMITH: My understanding is they are not.

20 MR. HALLER: The purpose of the report is to
21 provide a status report in the same sense some of the other
22 rainbow books provide a status report. So it would include
23 inspection reports as well. So in the interest of completeness,
24 you want that as well.

25 MR. GOSSICK: It is from the cut-off of the previous

1 report, which is what, September 6?

2 MR. HALLER: That's right. It will cover the next
3 one-year period.

4 (Slide)

5 MR. BURNETT: There is a typo here again. I must
6 keep apologizing for this. Number 23, nonpower reactor study,
7 that is an NRR effort. I am not exactly sure how that got
8 put in.

9 COMMISSIONER GLINSKY: What is happening on that?

10 MR. BURNETT: I have some words on it, but, Jim,
11 would you like to answer that?

12 MR. MILLER: We have a group now looking at all 80-
13 some nonpower reactors. Essentially they are grouping them
14 as to those that we feel need physical security and the level
15 to which that physical security should be maintained.

16 COMMISSIONER GLINSKY: These are reactors using
17 highly enriched uranium?

18 MR. MILLER: That's right.

19 COMMISSIONER KENNEDY: Only highly enriched?

20 MR. MILLER: We go down to the Triga fuels.

21 COMMISSIONER GALINSKY: You are trying to categorize the
22 use in some way?

23 MR. MILLER: That is what is going on right now. We
24 will be looking at the physical protection provided now and what
25 we believe should be provided in the future.

1 (Slide)

2 MR. BURNETT: This outlines the papers that have
3 been sent to the Commission on which the staff is awaiting
4 guidance.

5 MR. SMITH: We have received the guidance on the Chicago
6 one.

7 MR. BURNETT: I was going to hit the Chicago one.
8 You will be seeing a lot as that develops.

9 As you know, Mr. Smith and myself will be going
10 to Chicago Friday for further meetings with the mayor and --

11 COMMISSIONER KENNEDY: Can you give us a breif update
12 on where things stand at the moment, as to what you are going
13 to do in Chicago?

14 MR. SMITH: When we initially went out there,
15 the mayor expressed a great deal of concern about the
16 shipment of HEU through his airport and also through the
17 surrounding area. And we jointly agreed that we would--first
18 of all, we expressed to the mayor based on our review that
19 we didn't see any problems, if I can put it that way, but
20 we jointly agreed we would review the situation and give him
21 a quick but intense fix on the matter of HEU, not only
22 from the standpoint of security, but also from the standpoint
23 of health and safety. That was back in December.

24 Then in another meeting it appeared that there
25 were some changes in what the mayor's staff wanted in terms of

1 the scope of the study. At least it looked to us as if they
2 were really asking us then to not only look at HEU, but the
3 total shipment of radioactive material.

4 At that point we began to see how we could address
5 this particular issue if indeed we could do it. As it turns
6 out, there was an environmental impact statement that had
7 been working and is in the final form and has gone out
8 on the shipment of radioactive material by air and other modes.
9 It appeared to us then we could go back to the mayor with a
10 proposal. One, we would do the quick study as we initially
11 kboth agreed to. Two, we think that the final impact statement
12 answers the bulk of their questions on radioactive materials.
13 And, three, we would like to invite the mayor to perhaps
14 participate as an ad hoc member -- or his staff -- on another
15 study that Sandia is doing on the shipment of radioactive
16 materials in densely urban areas such as New York City, where
17 you have to contend with high buildings if you had an accident.

18 So the meeting Friday with the mauor at 10:30 is
19 to make that proposal to him, and hope that will satisfy
20 their concerns, so we can come to some final decision on the
21 issuance of licenses for shipping HEU out of that airport.

22 COMMISSIONER KENNEDY: If the mayor says yes, he
23 would be delighted to have his staff somehow participate as an
24 ad hoc member, whatever you were suggesting, what about
25 New York? Are they going to get involved, too?

1 MR. SMITH: At this point in time, no.

2 COMMISSIONER KENNEDY: I am talking about this Sandia
3 thing.

4 VOICE: New York is already represented on the
5 ad hoc committee.

6 COMMISSIONER KENNEDY: I assumed if they weren't, they
7 would be as soon as they found out Chicago was.

8 MR. SMITH: So that is where we are on that.

9 COMMISSIONER KENNEDY: Thank you.

10 MR. BURNETT: That completes the briefing on
11 safeguards.

12 CHAIRMAN HENDRIE: Questions? Discussion?

13 COMMISSIONER GLINSKY: This gives me an idea of the
14 flow of papers through the system, and there is just an
15 enormous number of them. But I do want to walk away from
16 here with a feeling of what we are trying to do and how
17 well we are succeeding.

18 I wonder if you could in some brief way indicate
19 what you think about that.

20 MR. BURNETT: Well, I think you know what we are
21 trying to do. We are trying to bring all necessary security
22 to the facilities, both to protect them from threat as we
23 see it, and protect the public and also imping on human rights as
24 little as possible. Whether we are being totally successful,
25 I think we are.

1 COMMISSIONER GLINSKY: I don't mean some grand
2 objective, but I mean are we in the midst of a major upgrade,
3 are we going to change things significantly, will we be
4 moving to stricter materials accounting, or are we pretty much
5 there and tidying it up?

6 MR. SMITH: Let me talk about that in terms of
7 physical security and materials accounting and control.

8 As Bob said, I think in the area of physical security
9 we are reaching a point that is very significant and that is
10 how far we go in terms of the upgrade rule. Most of the
11 comments that we have received back, of course, from the
12 licensees imply that if the upgrade rule were implemented the
13 way it is presently written and were published --

14 COMMISSIONER GLINSKY: You are talking about the
15 reactor rule now?

16 MR. SMITH: No, I am talking about the fuel cycle.
17 They see it then being a question of whether or not they
18 wish to continue to be in the business and whether or not this
19 kind of business ought to be one that is run by the Federal
20 Government.

21 COMMISSIONER GLINSKY: They are really working on
22 government material.

23 MR. SMITH: That is true.

24 COMMISSIONER KENNEDY: This is what you see to be
25 the bottom line of all of this?

1 MR. SMITH: That's right. The bottom line, as I
2 read some of the comments from many of the licensees, is that
3 they feel that if these regulations are put into effect, it
4 forces them to move into a mode of paramilitary type organization
5 surrounding these facilities, and, secondly, they question
6 whether or not they want to be in that kind of business.

7 COMMISSIONER GLINSKY: So it isn't just a matter of
8 money?

9 MR. SMITH: No, it is not a matter of money. It is
10 a matter of civil liberties, it is a matter of concern about
11 having people walking around with submachine guns and something
12 happens, someone accidentally gets shot.

13 So I think in the area of physical security for our
14 licensed facilities we are at a crucial point here. And that
15 is why, frankly, it is taking us sometime with the upgrade
16 rule to get our own thoughts together as to what to propose
17 to you.

18 MR. BURNETT: I have here some specific questions
19 asked by the public, and I can run down them for your interest.

20 The threat level, is it based on solid
21 information. A lot of the licensees see the threat level as
22 identified too high.

23 Second, measures for protection against internal
24 conspiracy, what is our reasoning, our justification for this.

25 Uncertainty as to the extent to which clearances

1 will be credited towards internal conspiracy.

2 COMMISSIONER KENNEDY: You mean as an offset to
3 threat?

4 MR. BURNETT: Yes, sir.

5 MR. SMITH: That is a very crucial one with the
6 licensees. Their feeling is if you are concerned about two
7 people inside, both of whom have clearances, and they happen
8 to get together, where does it end?

9 MR. BURNETT: International shipments, thsi is the
10 transportation problem, are we requiring too much for it to be
11 economically supportable by the one or two major shippers
12 that we have, in light of the few shipments.

13 COMMISSIONER KENNEDY: Are they telling us or asking
14 us? I would suppose they would be telling us.

15 MR. BURNETT: They are telling us at this point.
16 They are saying that they don't think it is economically viable
17 to ask them to do that, and one in particular has said
18 that they would not complain at all if the government took
19 over the transportation.

20 Possible conflict between Federal, state and
21 local laws.

22 COMMISSIONER GLINSKY: The government does ship
23 most of it?

24 MR. BURNETT: Yes, DOE does.

25 COMMISSIONER GLINSKY: There is just a small fraction

1 that is privately owned and privately moved.

2 MR. BURNETT: Approximately 20 shipments a year,
3 give or take.

4 COMMISSIONER KENNEDY: There must be more than 20
5 a year.

6 MR. BURNETT: Of category 1 materials. There are
7 a lot of shipments in categories 2 and 3. In fact, I just saw in
8 some paper that there are about 5,000 of those. I am referring
9 to only category 1.

10 COMMISSIONER GLINSKY: Which is the strategic quantities
11 of highly enriched uranium or plutonium?

12 MR. BURNETT: Correct.

13 Possible conflict between Federal, state and local
14 law enforcement concerning the weapons and the use of the
15 private guard. They are saying that each person has to react
16 to their state laws concerning this and it is not clear to them
17 even with the guidance that the Commission gave them what will
18 happen in possible litigation.

19 COMMISSIONER GLINSKY: How have the owners of this
20 material reacted? Are they willing to pay the cost of improved
21 safeguards?

22 MR. BURNETT: It has varied. A lot of the facilities,
23 of course, are going to pass it on, because they are
24 involved in the DOE chain. The others, I am not sure I can
25 answer you specifically.

1 COMMISSIONER GLINSKY: Isn't 95 percent of the
2 material DOE owned?

3 MR. BURNETT: Yes, sir. And you know through the
4 upgrade rule development process we will be coming before the
5 Commission and suggesting changes and we will answer that
6 question more specifically.

7 MR. SMITH: There are other companies that are private
8 companies working in the area of research, say on plutonium
9 and other materials that would be affected by these upgrade
10 rules. It is those companies who say in order to stay in
11 this kind of business that the threat out there is so great
12 that you are going to push us to have, if you will, para-
13 military organizations and so on, and we then are going
14 to have to re-examine whether or not this is the kind of business
15 we think we ought to be in.

16 COMMISSIONER GLINSKY: It is not necessarily that
17 the threat is out there, it is this is the kind of margin of
18 safety we would like to have.

19 MR. SMITH: Either way. They ask us is that threat,
20 why have you raised it at this level? How safe is safe enough?
21 All of the questions that we get, of course, from Congressionals.

22 MR. BURNETT: Universities are particularly concerned
23 in your category 2s and 3s.

24 MR. SMITH: To sum up, it is for these reasons,
25 Commissioner, that I think we are approaching a very crucial

1 point with the upgrade rule.

2 COMMISSIONER KENNEDY: Is DOE fully aware, currently
3 aware, of just where you are in your systems design?

4 MR. SMITH: You mean in terms of the upgrade rule?

5 COMMISSIONER KENNEDY: Yes.

6 MR. SMITH: Yes. In fact, DOE has expressed to us,
7 especially General Giller, who is now gone, their real
8 concern and reservations, particularly in the area of
9 clearances and internal conspiracy and the trade-offs there.
10 They feel that that is above and beyond what the joint NRC-
11 ERDA task force would have called for.

12 So there is a feeling on the part of some individuals
13 that the upgrade rule, if you will, goes beyond what they
14 feel is necessary.

15 MR. SHAPAR: One of the main items of Congressional
16 concern as reflected in hearings within the last year or so
17 have been questions revolving around the comparability of the
18 DOE, then ERDA, efforts in this area and our own.

19 MR. SMITH: I think in general we are doing rather
20 well in the area of physical security. The question is how
21 far we want to go to improve it.

22 COMMISSIONER GLINSKY: Have we advanced significantly
23 from where we were a year ago?

24 MR. SMITH: I think so, with the comprehensive
25 evaluation efforts going on on the part of I&E and MNSS,

1 I think yes, definitely.

2 COMMISSIONER GLINSKY: Is the security of these
3 facilities a good deal better than it was say a year ago?
4 At least say of the weaker ones?

5 MR. SMITH: Yes, I think so.

6 COMMISSIONER GLINSKY: I mean taken as a whole.

7 MR. SMITH: Taken as a whole, I think so.

8 The other area, materials accounting and control,
9 of course a very crucial thing there for us is what the
10 Materials Accounting and Control Task Force report is going
11 to come out with. Because we know, you know, at the present
12 level of technology, that we are not doing as good a job in
13 that area as we would like to do. The question is what else
14 can we do to make sure these inventory differences are as small
15 as humanly possible, or technically possible.

16 For instance, whether or not we should be using the
17 whole LEMUF concept, the carbon filter technique, or some other
18 technique. Is there some other approach we ought to be
19 using here? That is still evolving.

20 COMMISSIONER GLINSKY: It would be nice if the basic
21 numbers themselves were right to begin with. I think we have
22 had some problems with that.

23 I am just saying it isn't just the inventory
24 differences, it is just having the basic numbers right. We
25 had some problems, for example at NFS, where the basic numbers

1 were just not accurate. And the fact that the inventory
2 differences were small in the other direction just didn't
3 mean very much. We couldn't take any comfort from that.

4 MR. BURNETT: You might discuss the international
5 area that we are working on.

6 MR. SMITH: Go ahead.

7 MR. BURNETT: I think the Commissioners are totally
8 aware of the international safeguards picture, our attempt
9 to upgrade the IAEA and some of the problems we are running
10 into there.

11 MR. SMITH: We have been working with international
12 program to -- International Programs and MNSS have been
13 working together with State and ACTA on an action plan, what
14 could we do to assist IAEA in upgrading their capability for
15 timely detection.

16 COMMISSIONER GLINSKY: I guess we are a participant
17 in the development of this plan?

18 MR. SMITH: Right. It will come to you. It is
19 still back and forth.

20 MR. BURNETT: It shows up on the list due to come
21 to you.

22 MR. SMITH: So I think the next year, in summary,
23 is a very crucial year for us in the area of safeguards, not
24 only from the standpoint of the licensees, but the perception
25 of the Congress and the people as to how good a job we are doing

1 and whether we are doing enough.

2 CHAIRMAN HENDRIE: Let's go back a minute to the
3 question of comparability between safeguards measures, in
4 particular the physical security measures at NRC-licensed
5 facilities, and as contrasted to whatever may be the
6 corresponding government facilities, DOE facilities. Are our
7 standards higher or lower or in the middle?

8 MR. BURNET: IT is very hard to answer that they are
9 higher or lower or in the middle. We feel we have comparability.
10 There are higher and lower on each side, and at some
11 facilities they have a platoon of people outside that
12 they can call upon, where at no facilities do we have that.

13 We do have, however, local law enforcement responses.
14 As far as direct equipment, we are, I think, maybe slightly
15 ahead of them in that area. But we do have comparability.

16 MR. SMITH: I think one big area at least that has
17 been pointed out, as you know, by GAO as at least what they
18 consider a fundamental difference between the two in the
19 area of physical security is this question of deadly force.
20 DOE implies, or says it has given its guards the authority
21 to shoot to kill. And of course we have not done that.

22 COMMISSIONER KENNEDY: It is my understanding we
23 could not, even if we wanted to.

24 MR. SMITH: Of course. But I think in the area of
25 physical security, that is really the only thing that one

1 can point to. Other than that, I think ours is as good.

2 COMMISSIONER GLINSKY: Is it really clear that they are
3 on a different legal footing?

4 MR. BURNETT: Our development, in working on this
5 paper that will be coming up to you, it is not clear that
6 they are on such a strong foundation. In fact, their guidance
7 to their guards is only to apply necessary force to hold off
8 an attack.

9 MR. SMITH: This was a subject of some discussion, I
10 think, in the hearing before Congressman Dingell in which it
11 was raised.

12 In materials accounting and control, I think at least
13 up until recently we have felt we would have a difficult time,
14 frankly, licensing DOE facilities, that our criteria are
15 more rigorous.

16 MR. BURNETT: In fact they have let a contract to
17 EGG to come and study our system for possible implementation in
18 their facilities.

19 MR. SMITH: So if you put the two together, materials
20 accounting and physical security --

21 COMMISSIONER KENNEDY: They are also in the process
22 of developing and installing in more than one of their
23 facilities, my understanding is, online real time accounting
24 and control systems, at least as a test.

25 MR. BURNETT: True. As you know, we have a project

1 in that area, too.

2 MR. SMITH: One of our licensees, GE, at Wilmington,
3 we have been working with them very closely, and that is where
4 they are keying off of.

5 MR. SHAPAR: I think it is fair to say maybe the
6 perception of the Congressional Committees is perhaps they would
7 not have the same degree of confidence that the safeguards
8 are indeed comparable as between DOE and us. That was my
9 perception of the question; they perhaps don't have that degree
10 of confidence.

11 COMMISSIONER KENNEDY: They think the DOE facilities,
12 being government facilities, are likely to be better protected?

13 MR. SHAPAR: Yes. That was my perception when I left
14 the hearings.

15 MR. GOSSICK: That wasn't the trust of the GAO report
16 though.

17 MR. SHAPAR: I am referring strictly to the hearings
18 before Dingell.

19 MR. BURNETT: In some specific areas they do have
20 more blood on the scene, for instance.

21 MR. STROIBER: As a former prosecutor of people
22 for use of deadly force, I would like to say the GAO report is
23 wrong in that respect, that there is no legal difference
24 between the ability of say ERDA guards and the state or local
25 officials in the use of deadly force. I think that will probably

1 come out in the report also.

2 COMMISSIONER KENNEDY: But does that extend as
3 well to private guards?

4 MR. STROIBER: I think there is a slight difference,
5 but I think that doesn't end up being important when you
6 consider all of the factors the guard has to face in deciding
7 whether or not to pull the trigger.

8 MR. SHAPAR: I think DOE has maintained there is
9 a legal distinction. The question is are they on that sound
10 a legal footing and I think the answer is no.

11 CHAIRMAN HENDRIE: Any more questions or discussion?

12 (No response)

13 Well, thank you very much.

14 (Where upon, at 11:25 a.m. the briefing was
15 concluded.)
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