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UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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27<sup>TH</sup> ANNUAL REGULATORY INFORMATION CONFERENCE

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COMMISSIONER OSTENDORFF PLENARY

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TUESDAY

MARCH 10, 2015

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ROCKVILLE, MARYLAND

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The Plenary Session with Commissioner Ostendorff during the Regulatory Information Conference began at 11:19 a.m. at the Bethesda Marriott Hotel & Conference Center, 5701 Marinelli Road, Rockville, Maryland.

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

11:19 a.m.

1  
2  
3 MR. SHERON: Well, good morning. I'm  
4 Brian Sheron. I'm the Director of Office of Nuclear  
5 Regulatory Research and I think that's going to be a  
6 tough act to follow, but we will try.

7 It's my pleasure to introduce Commissioner  
8 Ostendorff. He's served on the Commission since April  
9 2010, and is approaching four decades of dedicated  
10 public service.

11 Before coming to the NRC Commissioner  
12 Ostendorff served as the principal Deputy  
13 Administrator for the Department of Energy's National  
14 Nuclear Security Administration, as well as holding  
15 senior positions at the National Academies and the  
16 House Armed Services Committee Staff.

17 This was preceded by a distinguished  
18 26-year naval career, where he notably held command of  
19 a nuclear attack submarine as well as a submarine  
20 squadron. Commissioner?

21 (Applause)

22 COMMISSIONER OSTENDORFF: Well, good  
23 morning. I agree with Brian that Commissioner  
24 Svinicki is a tough act to follow. I'm not going to  
25 try to do that.

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1           It's interesting, Bill Magwood for the  
2 last four years, I spoke after him, and usually he had  
3 the podium way up here at this level. And so it's --  
4 Commissioner Svinicki and I are about the same height,  
5 so it's good to have a compatible podium precede me.

6           So it's a great opportunity to be here  
7 today. Thanks for the privilege of speaking to this  
8 distinguished group of colleagues from the nuclear  
9 safety community. I particularly want to welcome our  
10 international colleagues. We really value our  
11 relationship with you across the board.

12           Before I begin, I have a few notes of  
13 appreciation. First I want to thank the NRC staff:  
14 Bill Dean and Brian Sheron and their staffs who work  
15 so hard every year to prepare for the RIC.

16           I'd also like to thank fellow Commissioner  
17 colleagues here in the front row. For Chairman Burns,  
18 Commissioner Baran. Welcome to your first RIC in your  
19 new roles. I have been impressed with how smoothly you  
20 and your staffs have transitioned into your new  
21 responsibilities.

22           To Commissioner Svinicki, thank you for  
23 continuing to be a close colleague and dear friend in  
24 these past five years on the Commission. The NRC  
25 staff, a heartfelt thanks to you for your high caliber

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1 work and your dedication to NRC's mission. It is a true  
2 privilege to work alongside you.

3 And two final personal notes of thanks.  
4 First, a former member of my staff, John Tappert. John  
5 left my office last year after two years as my Chief  
6 of Staff. He is now serving as the Director of the  
7 Division of Engineering in the Office of New Reactors.

8 I could not have asked for a more  
9 high-performing, professional and collegial  
10 individual. I'm most grateful, John, for your hard  
11 work and service to the NRC. Thank you.

12 And second, to Jim Wiggins. Jim's down  
13 here in the front row, back three chairs. The Director  
14 of the Office of Nuclear Security and Incident  
15 Response, Jim will be leaving the NRC after 35 years  
16 of dedicated service, following six years as a nuclear  
17 submarine officer.

18 I know that we are all indebted to Jim for  
19 his commitment to common sense and pragmatic  
20 regulation. I've learned a lot from Jim, and I thank  
21 you, Jim, for your leadership, service and friendship.

22 (Applause)

23 COMMISSIONER OSTENDORFF: Commissioner  
24 Svinicki has been here for seven RICs. This is my  
25 fifth. It's kind of like Thanksgiving at the kiddie

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1 table. Last year -- for the last four years I've been  
2 on day two. Jeff, don't take any offense about it.

3 (Laughter)

4 COMMISSIONER OSTENDORFF: So this is my  
5 first time to sit and talk with the big boys and girls.

6 (Laughter)

7 COMMISSIONER OSTENDORFF: Since last year  
8 we've seen some significant changes: new Commissioners  
9 arriving, dear friends and colleagues leaving --  
10 George Apostolakis, Bill Magwood and Allison  
11 Macfarlane. But as you know, change is not new to the  
12 NRC.

13 We've handled changes in the past, as  
14 Chairman Burns noted with Three Mile Island, 9/11,  
15 Fukushima and various reorganizations, as well as  
16 changes in the economics of the nuclear industry.  
17 Changes will continue into the future as our Agency will  
18 face new technical issues and will no doubt adopt new  
19 and better ways of doing business, but throughout these  
20 changes, the NRC remains committed to the principles  
21 of good regulation.

22 These principles are the bedrock upon  
23 which we build our regulatory framework. I find that  
24 periodic assessments of how we are doing as a regulator  
25 to be a constructive exercise, especially reflecting

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1 upon how we live up to our principles of good  
2 regulation.

3 Last year I talked about independence and  
4 openness as well as the importance of our highly valued  
5 technical staff. Today I will focus consistent with  
6 the Project Aim theme of the Chairman and of Mark  
7 Satorius and of Commissioner Svinicki. I will talk  
8 about the principle of good regulation associated with  
9 efficiency, and I will focus on the NRC as a team in  
10 my remarks.

11 The principle of efficiency has the  
12 following attributes. It provides that the NRC should  
13 have the best management and administration. It  
14 requires the highest technical and managerial  
15 competence. It values the ability to continually  
16 upgrade our regulatory capabilities, and it holds that  
17 regulatory activities should be consistent with a  
18 degree of risk reduction achieved. Finally,  
19 efficiency emphasizes timely decisionmaking while  
20 minimizing the use of resources.

21 Why should a Commissioner talk about  
22 efficiency? The short answer is very simple: because  
23 making efficiency real is essential to being an  
24 effective regulator.

25 The principle of efficiency was at the

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1       forefront of the Commission's mind when it chartered  
2       the Project Aim effort last year. To determine how  
3       best to enhance the Agency's ability to plan and execute  
4       its mission, while adapting to a dynamic environment.

5                You may wonder, why did the NRC need to  
6       change at this time? It is not because we were or are  
7       doing things wrong. As Chairman Burns noted, for 40  
8       years, the NRC has met its safety, security and  
9       safeguards mission and has met or surpassed Agency  
10      performance measures in large part.

11              But it is not enough to accomplish the  
12      mission or meet internal metrics. We owe it to the  
13      public to be as effective, efficient, agile and  
14      flexible as possible so as to provide the best value  
15      for the dollars spent on our budget.

16              While we will never be perfect in this  
17      regard, we acknowledge that there is ample room for  
18      improvement in these areas. The Project Aim report  
19      points out that we have given -- excuse me, that we have  
20      grown over the years to respond to a number of events.

21              For example, following the terrorist  
22      attacks of 2001 -- I was on active duty in the Navy then  
23      -- the Agency grew to enhance security and incident  
24      response. The Agency also grew after the Energy Policy  
25      Act of 2005 in response to a forecast of a nuclear

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1 renaissance.

2 In 2011, we faced difficult and complex  
3 decisions about what regulatory actions were needed in  
4 response to the Fukushima event, and the NRC's  
5 committed, professional efforts, taken in response to  
6 each of these events, the orders and rulemakings that  
7 came out of 9/11 and Fukushima, and the work we've done  
8 in the new reactor arena, have clearly illustrated the  
9 high quality work of this Agency and its staff.

10 But now is an inflection point in our  
11 Agency's history and an opportunity to thoughtfully  
12 reflect upon where we have been and where do we need  
13 to be in the future, to ask, how are we conducting our  
14 work, to ask, what adjustments, if any, need to be made  
15 to our structure, workforce and regulatory processes  
16 given that the nuclear renaissance has not occurred as  
17 forecasted, that 9/11- and Fukushima-related  
18 activities are drawing to a close and that several  
19 existing nuclear power plants are decommissioning  
20 earlier than expected?

21 These elements are the backdrop of Project  
22 Aim, which I believe is a real opportunity for us to  
23 take a fresh look at how we operate and see where we  
24 can gain efficiencies. I applaud Mike Weber's team for  
25 producing an insightful and strategic report.

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1 I'll also observe that not many  
2 organizations get this kind of an opportunity. And of  
3 those that do, fewer still actually take advantage of  
4 them. I am actually, as a Commissioner, excited and  
5 have great hope that this Agency will take advantage  
6 of this opportunity and be guided by the principles of  
7 good regulation to move forward constructively.

8 Now some of you may be wondering, can a  
9 government agency really be efficient? Now I'll tell  
10 my one joke.

11 Once upon a time, the government had a vast  
12 scrapyard in the middle of a desert. The government  
13 said, someone may steal from it at night. So the  
14 government created a night watchman position and hired  
15 a person for the job.

16 Then government said, how does the  
17 watchman do his job without instruction? So they  
18 created a planning department and hired two people: one  
19 person to write the instructions and one person to  
20 conduct time studies.

21 Then government said, how will we know the  
22 night watchman is doing the task correctly? So they  
23 created a quality control department and hired two  
24 people: one to do the studies and one to write the  
25 reports.

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1           Then government said, how are these people  
2 going to get paid? So they created the following  
3 positions: a timekeeper and a payroll officer then  
4 hired two people to fill them.

5           Then government said, who will be  
6 accountable for all of these people? So they created  
7 an administrative section and hired three people: an  
8 administrative officer, an assistant administrative  
9 officer and a legal secretary.

10           Then government said, we've had this  
11 command in operation for one year. We're now  
12 \$18,000.00 over budget. We must cut back overall  
13 costs. So they laid off the night watchman.

14           (Laughter)

15           COMMISSIONER OSTENDORFF: Not quite the  
16 response Commissioner Svinicki got.

17           (Laughter)

18           COMMISSIONER OSTENDORFF: But you get the  
19 point. Government efficiency in action. Fortunately  
20 this type of behavior in the joke, in all seriousness,  
21 is not what I saw in my years in the Department of  
22 Defense nor the Department of Energy. It is certainly  
23 not what I've seen in my time in the last five years  
24 at the NRC.

25           Rest assured, no matter how the Commission

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1 votes on the Project Aim recommendations, this Agency  
2 will continue to improve on its already strong  
3 performance. Why am I so confident about this?  
4 Because I've seen the great work of this Agency and its  
5 talented staff, especially when we have an eye towards  
6 efficient operations.

7 From my service on six submarines, I can  
8 attest to the value of having positive, real, tangible  
9 models to follow when teaching others. Whether  
10 training a new ensign how to direct propulsion plant  
11 cavity actions by his watch section, whether conducting  
12 a smart landing on a single propeller submarine,  
13 conducting a landing alongside a pier without a tug  
14 boat, or how to effectively conduct a submerged attack  
15 of a torpedo against a quiet adversary, seeing others  
16 do something well is almost always a good starting point  
17 for teaching and actualizing change for the better.

18 Fortunately, the NRC has a number of  
19 positive models to offer to help us improve efficiency.  
20 The Project Aim report categorizes its recommendations  
21 into three strategic categories: people, planning and  
22 process.

23 For symmetry, I will use these same  
24 categories to discuss examples of efficiency in action  
25 at the NRC. These examples show that when we start with

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1 the end in mind, establish clear direction and  
2 priorities and are flexible to change, we do regulate  
3 in an efficient and effective manner.

4 The first example of a people strategy I'll  
5 point to is the Agency's ability to reallocate  
6 resources in response to changing priorities and  
7 workload. Last fall, the Commission approved the  
8 staff's recommendation to merge the Office of Nuclear  
9 Materials, Safety and Safeguards, NMSS, and the Office  
10 of Federal and State Materials and Environmental  
11 Management Programs, or FSME, back into one office.

12 In making this recommendation, the staff  
13 recognized that the increased workload that drove the  
14 split of NMSS into two offices years ago no longer  
15 existed and that there was some duplication of effort  
16 between the two offices. The merger back into one  
17 office gained efficiencies by eliminating unnecessary  
18 duplication and reducing overhead.

19 I personally thank Cathy Haney and Brian  
20 Holian along with their teams for achieving this  
21 successful and efficient merger.

22 Likewise, efficiencies were seen when the  
23 Office of New Reactors, or NRO, shifted personnel to  
24 the Office of Nuclear Reactor Regulation, or NRR, given  
25 changes in its workflow and priorities over the past

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1 two years. When I was sworn in as a Commissioner April  
2 1, 2010, the NRC was reviewing License Applications for  
3 26 new reactors.

4 Since that time, we have completed several  
5 significant new reactor projects, including the  
6 AP-1000 Design Certification Amendment, the issuance  
7 of four Combined Licenses for the Vogtle and Summer  
8 sites, work on the ABWR Design Certification Amendment,  
9 and establishment of the construction reactor  
10 inspection program.

11 But with this work completed and with  
12 changing plans of prospective licensees, the new  
13 reactor workload has significantly decreased. At the  
14 same time, there is a need to address several  
15 high-priority actions in NRR, including addressing the  
16 operating reactor licensing backlog and the  
17 post-Fukushima activities.

18 Therefore, in response the staff moved  
19 resources from NRO to NRR to support these efforts,  
20 while not losing sight of ongoing new reactor  
21 priorities. For example, NRO and their partner  
22 offices achieved a significant milestone last year as  
23 part of the safe closure initiative by completing the  
24 ESBWR Design Certification as well as a final safety  
25 evaluation for the Fermi Unit 3 Combined License.

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1           This is a good-news story. I applaud  
2 Glenn Tracy and the NRO team for their agility and  
3 flexibility in responding to changing new reactor plans  
4 and schedules, and for their support of broader Agency  
5 priorities, including support of Fukushima and waste  
6 confidence activities. This staff has demonstrated  
7 that we can work together efficiently to make sure the  
8 most important work gets done first.

9           I'll now turn to the second Project Aim  
10 strategy, that of planning. How have we demonstrated  
11 the ability to efficiently plan our work?

12           While there are many examples to choose  
13 from, I will offer only two here: the update to our waste  
14 confidence or continued storage rule, completed last  
15 August, and the completion of the last Yucca Mountain  
16 Safety Evaluation Report volumes in January of this  
17 year.

18           In 2012 the D.C. Circuit Court vacated and  
19 remanded the Agency's waste confidence rule. The  
20 Commission gave the staff clear direction: address the  
21 specific deficiencies identified by the Court, use the  
22 best NEPA practitioners in the Agency and bring back  
23 an updated rule to the Commission within 24 months.

24           Keith McConnell and his very talented  
25 team, along with dedicated support from the Office of

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1 General Counsel, did just that. Throughout the  
2 process the staff was committed to effective and timely  
3 communication both with the public and with NRC  
4 management and the Commission. This helped ensure  
5 that schedules were met. Documents were responsive to  
6 concerns raised and internal and external meetings were  
7 effective. At both an individual and Agency level, we  
8 focused on the principle of efficiency to accomplish  
9 our important mission without undue delay.

10 The second example of demonstrated  
11 planning ability is the staff's efforts on the Yucca  
12 Mountain Safety Evaluation Report. The staff was  
13 tasked by the Commission to complete and issue several  
14 volumes of the SER associated with the Yucca Mountain  
15 construction authorization application. This was a  
16 monumental effort. Many of the staff with expertise  
17 on the Safety Evaluation Report had left the Agency or  
18 had been tasked with other assignments. There was a  
19 considerable amount of reorganizing, reprioritizing  
20 that went along with this effort to ensure that the  
21 right people with the right skills were onboard to  
22 accomplish the mission.

23 Of course, the Yucca Mountain Safety  
24 Evaluation Report involved highly technical and  
25 complex issues. The staff developed a plan of attack

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1 and executed that plan in such a way that the SER volumes  
2 were completed on time and under budget while the  
3 primary mission, reaching safety findings based on  
4 science and engineering was achieved.

5 I point out at this time that we must always  
6 remember the power of good leadership. Good  
7 leadership inspires people and creates its own  
8 efficiencies. The Yucca Mountain efforts show how  
9 important good management and leadership are to  
10 achieving efficiencies.

11 Josie Piccone headed the staff's efforts  
12 in completing the Yucca Mountain Safety Evaluation  
13 Report. Josie's clear dedication and tireless work  
14 ethic led by example and, along with the hard work of  
15 talented staff, resulted in efficient and effective  
16 regulatory action.

17 I will now turn to the third and final  
18 Project Aim strategy: process. In short, how can we  
19 streamline or standardize our processes, roles and  
20 responsibilities? I offer two examples from the  
21 rulemaking arena. NSIR cybersecurity rulemaking and  
22 the post-Fukushima mitigating rulemaking.

23 Now some might wonder why I would mention  
24 our cybersecurity rulemaking as an example of  
25 efficiency given that the NRC's rule -- that's 10 CFR

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1 73.54 -- came out in 2009 and NRC just endorsed revised  
2 guidance in December 2014. It's important to remember  
3 that efficiency is not only about being fast, it is also  
4 about making risk-informed licensing decisions to help  
5 ensure the regulatory burden is actually commensurate  
6 with the risk.

7 That's why I'm telling this story. In  
8 2009 the NRC put in place cybersecurity requirements  
9 for power reactors. Nuclear power plant cyber  
10 programs are required to protect what's called critical  
11 digital assets or CDAs.

12 In January 2010 the NRC published a Reg  
13 Guide 5.71 that provided guidance to licensees on an  
14 acceptable way to meet the requirements of this rule.  
15 This Reg Guide contains guidance on how to identify CDAs  
16 among other things.

17 Now as industry began implementing the  
18 rule, it became evident there is much more work involved  
19 than originally envisioned by either the staff or  
20 industry. Instead of finding hundreds of CDAs, plants  
21 were identifying thousands of CDAs.

22 The staff -- and I will personally commend  
23 Barry Westreich and Russ Felts. The staff took a step  
24 back and worked with stakeholders to adjust the  
25 approach to focus on the most important CDAs. What

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1 resulted is a consequence-based approach, which is  
2 consistent with our efficiency principle, whereby  
3 regulatory activities should be consistent with the  
4 degree of risk reduction they achieve.

5 The NRC staff engaged thoughtfully with  
6 industry to develop NEI 13-10 to implement the  
7 consequence-based approach. NEI 13-10 was endorsed by  
8 the NRC in January 2014. By streamlining the process  
9 for identifying and addressing CDAs, the approach  
10 reduces the burden on licensees while continuing to  
11 ensure that proper, adequate protection standards are  
12 met. The revised guidance was endorsed by the NRC in  
13 December 2014.

14 One final process example is in the area  
15 of post-Fukushima regulatory actions. The staff, led  
16 by Mike Johnson, in concert with industry, has  
17 consolidated thoughtfully many of the post-Fukushima  
18 requirements into one effort called the mitigation of  
19 beyond design basis events rulemaking.

20 The scope of this rulemaking now includes  
21 Near-Term Task Force recommendation 4 regarding  
22 station blackout mitigation, Near-Term Task Force  
23 recommendation 7 regarding spent fuel pools,  
24 recommendation 8 regarding onsite emergency response  
25 capabilities, and recommendations 9, 10 and 11

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1 regarding emergency preparedness.

2 Consolidating these rulemakings will  
3 produce a more coherent framework and will certainly  
4 reduce the potential for inconsistencies between the  
5 related regulatory actions. Consolidation also adds  
6 clarity for external stakeholders as they will be able  
7 to comment on a single rulemaking package.

8 This consolidation was an efficient way to  
9 move forward given the number of interdependent and  
10 interrelated safety issues involved. Going forward,  
11 these efforts can be looked on as an example of how the  
12 NRC adapts to changes and stakeholder feedback and  
13 tailors its regulatory response accordingly while  
14 maintaining a risk-informed focus.

15 I will now conclude. We, the NRC and the  
16 Commission, regulate in a field where not everyone is  
17 going to be happy with the decisions we make. Some  
18 might want us to do more. Some might want us to do less.  
19 Let's face it, some don't want us around at all, but  
20 we are here as a regulator fulfilling our statutory  
21 responsibilities. We owe it to the public we serve,  
22 as well as the industry we regulate, to come to our  
23 decisions in an efficient and effective manner. The  
24 good news is that we do not need any new Agency values  
25 or different or new principles of regulation to guide

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1 us into the future. We already have them in place. We  
2 also are fortunate to have a number of positive examples  
3 of how to operate efficiently to guide the broader  
4 agency as we move forward to implement Project Aim. I  
5 have great confidence that the NRC team is up to this  
6 task.

7 I thank you for the chance to be with you  
8 today, and I look forward to your questions.

9 (Applause)

10 MR. SHERON: Okay, thank you. We have a  
11 number of questions here. Are you ready for the first  
12 one?

13 COMMISSIONER OSTENDORFF: You bet.

14 MR. SHERON: Okay. As NRC implements Aim  
15 2020, how will you prioritize work among the staff,  
16 National Labs, the Southwest Research Institute and  
17 commercial contractors?

18 COMMISSIONER OSTENDORFF: That's a great  
19 question. And it's interesting, the Southwest  
20 Research Institute team was just in here last week to  
21 visit the Commissioners for drop-ins. That was a  
22 really good discussion with that team from San Antonio.

23 Now the Commission is in the process of  
24 acting on the Project Aim recommendations. I will  
25 comment on one of those recommendations that I think

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1 gets to this particular effort, actually two of them.

2 One of them deals with a recommendation to  
3 re-baseline the Agency's work, to step back and take  
4 a thoughtful review of, what should we be doing? What  
5 work should we stop doing? What should we shed?  
6 Related to that is looking at what skill sets are needed  
7 to do this re-baseline work. That obviously involves  
8 looking at critical skills. There's a notion of  
9 centers of expertise in Project Aim that might look at  
10 an option of taking seismic experts, hydrologists,  
11 digital I&C engineers, and moving them into particular  
12 centers of expertise to serve as a miniature, I'm using  
13 this example, technical support agency, or technical  
14 support office for all parts of the Agency.

15 How that comes out remains to be seen. I  
16 think part of that Brian is looking at what we do  
17 internally, what we look at the Department of Energy  
18 National Labs for. We'd look for consultants,  
19 contractors, institutes and so forth.

20 So I think that those -- that question will  
21 be fully answered once the Commission comes to its final  
22 decision on the direction forward, issues an SRM, and  
23 then turns it over to the staff to execute.

24 MR. SHERON: Okay. Thank you. Next one,  
25 the Agency has a trend of standing up large

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1 organizations and directorates in a reactive response  
2 to external drivers. For example, Japan Lessons  
3 Learned, waste confidence. This often results in an  
4 ad hoc redirection of a significant number of staff from  
5 ongoing activities to new work which is often still  
6 being defined. Do you believe this is an appropriate  
7 way to respond? Or that the Agency could handle these  
8 factors with less impact on day to day activities?

9 COMMISSIONER OSTENDORFF: That's a very  
10 thoughtful question for whoever asked it. I would  
11 provide the following. You know, Commissioner  
12 Svinicki and I were here as Commissioners for all the  
13 post-Fukushima decisionmaking and all the waste  
14 confidence court remand decision. So we've been  
15 involved in this as colleagues for some time.

16 I would say with respect to Fukushima,  
17 given the nature of the event and the Near-Term Task  
18 Force work, that it was appropriate at the time to stand  
19 up the JLD, Japan's Lessons Learned Directorate, to  
20 establish a separate body with a steering committee  
21 associated with that, to work with the staff as well  
22 as with industry, but there's also a natural time to  
23 sunset that and move it back into the regular line work  
24 of the staff, and I think we're approaching that later  
25 stage right now to move those bodies of work back into

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1 NRR.

2 With respect to waste confidence -- and I  
3 commented very sincerely on the work done by Keith  
4 McConnell and his team with a lot of help from others  
5 in the Agency -- I think given the Commission's desire  
6 to move forward and address the D.C. Circuit Court's  
7 remand and the spent fuel pool fire, spent fuel pool  
8 leaks, what happens if there's never a repository?

9 Those three very specific issues, the  
10 Agency was well served by a dedicated group of NEPA  
11 experts to go in there and take a hard look and do it  
12 in an efficient manner as their sole task and then to  
13 back out of it, and that's what they've done.

14 MR. SHERON: Okay, thank you. Next one.  
15 NSIR was formed post-9/11 to oversee needed  
16 improvements. Now, four years later, these  
17 regulations -- I'm sorry, no, 14 years later, these  
18 regulations have been implemented for years. In the  
19 spirit of reducing unnecessary costs, is there some  
20 discussion of returning the NSIR function to the  
21 Regions where it belongs and was formerly located?

22 COMMISSIONER OSTENDORFF: Let me address  
23 the specific question asked and then I'll make a general  
24 comment on security issues.

25 I'm not aware of any effort. I'm not aware

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1 in the Commission of any effort to change the reporting  
2 relationship of NSIR and to move things back in the  
3 Regions.

4 I will say as with any organization, when  
5 you have an external event -- and 9/11 was one of those  
6 for everybody in this room -- that the Agency takes  
7 actions they believe are appropriate at that point in  
8 time. Then you get into a need to reevaluate where  
9 security issues are and how are we handling these issues  
10 whether it's physical security or cybersecurity.

11 I would suggest that, and I wrote a comment  
12 on this with George Apostolakis back in 2013, look at  
13 our force-on-force exercise program to take a  
14 thoughtful look. I thought then in 2013, early 2014,  
15 it was the right time for this Agency to take a fresh  
16 look at the FOF, force-on-force program, to see was it  
17 meeting objectives, that it perhaps in some areas might  
18 have gone a little past what was originally intended.

19 That's just one example, but I think  
20 overall that the Project Aim effort does allow us to  
21 take a fresh look at NSIR as well as other offices, and  
22 we'll see what happens. I'm not aware of any effort  
23 to disestablish the office or move it back into the  
24 Regions.

25 MR. SHERON: Okay. Next one, this is

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1 interesting. As a submarine commander, how would you  
2 have presented the mission objectives of a project --  
3 of a program like Project Aim to your crew? What could  
4 the NRC learn from a sub crew in execution?

5 COMMISSIONER OSTENDORFF: Wow.

6 (Laughter)

7 COMMISSIONER OSTENDORFF: There's a  
8 number of people in the audience here that also could  
9 answer that question, and I'm aware that my former boss,  
10 when I was Prospective Commanding Officer Instructor  
11 for the Atlantic Fleet, Joe Henry, flag officer is in  
12 the audience today. So Joe, if I get this wrong, you  
13 can tell me afterwards.

14 You know, the hardest job I had in my entire  
15 life when I was I guess 30 years old, I was engineering  
16 the old attack submarine, USS John Marshall. It had  
17 just come out of an overhaul in Puget Sound Shipyard  
18 to be converted from a ballistic missile submarine into  
19 a special warfare platform for Navy SEALs.

20 I was relieved at the end of the overhaul  
21 and brought the ship around the Panama Canal to Norfolk,  
22 Virginia where we were working with the SEALs based out  
23 at Little Creek. And I'll never forget: every single  
24 machinist mate was in port and starboard watch  
25 rotation.

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1                   They were standing 12 hours of watch a day.  
2                   Six hours on, six hours off, and they were responding  
3                   to different training drills in between their watches  
4                   and we were really short on people, on qualified people.  
5                   It took a long time to break out of that, it's called  
6                   port and starboard: six on and six off routine.

7                   That was really a challenge for the crew.  
8                   We were operating, I thought, as efficiently as we could  
9                   with the people we had, but it was hard.

10                  And so, I take that experience and I say  
11                  well, how are we utilizing our people today? Sometimes  
12                  one has to be willing to say there is work that no longer  
13                  needs to be done. There is work that needs to be shed  
14                  or deferred, not placed just a low priority. We're  
15                  going to say we're not going to do this anymore.

16                  I think we're perhaps at a juncture in our  
17                  history where we need to do just that. Say, we're no  
18                  longer going to do X prime, Y prime and Z prime. We'll  
19                  do X, Y and Z, but we need to be willing to make some  
20                  tough decisions as a Commission and the senior  
21                  leadership of the staff to do that.

22                  That's what I would say from my experience.  
23                  Sometimes you can't do everything. You have to  
24                  prioritize and do what's important.

25                  MR. SHERON: Okay, thank you. As part of

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1 Aim 2 -- I'm sorry, as part of Aim 2020, does NRC intend  
2 to create -- this says capability -- I think it means  
3 like centers of excellence, the cross-cut  
4 directorates? Can you discuss?

5 COMMISSIONER OSTENDORFF: Certainly.  
6 That's one of the recommendations from the team, and  
7 I thought it was a very thoughtful recommendation to  
8 have considered standing up centers of expertise.

9 Quite frankly, we've already done that in  
10 many areas: where Scott Flanders' group and NRO has  
11 provided the hydrologists to look at the flooding and  
12 hazard reevaluations for Fukushima.

13 And so we have de facto been doing this for  
14 the last couple of years I think in a very thoughtful,  
15 practical way, and I think we'll leverage that  
16 experience from the hydrology side of the house, from  
17 seismic, perhaps PRA and the context of NFPA 805. Lots  
18 of good examples to call from, and we can say hey, this  
19 has worked well doing it this way. This may not work  
20 as well, and we'll have the benefit of that experience.

21 MR. SHERON: Okay. Here's a good  
22 philosophical one. Many people think of regulation as  
23 a detriment to innovation, but innovation in certain  
24 technologies has the potential improve safety. How  
25 does the NR think -- or what does the NRC think about

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1 promoting innovation for safety purposes? Is there a  
2 way to change regulations so that it is not a burden,  
3 but a welcome way to improve safety performance?

4 COMMISSIONER OSTENDORFF: Is that  
5 somebody's PhD dissertation topic?

6 (Laughter)

7 COMMISSIONER OSTENDORFF: No, that's a  
8 very thoughtful question. I just -- well, one thing  
9 that comes to mind is I think this Agency sees a tension  
10 at times. We all support innovation. We want to see  
11 new ways of doing business. At the same time we have  
12 to fulfil our regulatory responsibilities, and I'd say  
13 the battleground in which this has been more obvious  
14 to me as a Commissioner has been in the introduction  
15 of digital I&C technologies in the context of digital  
16 upgrades for existing nuclear power plants.

17 I think we've seen a lot of examples in that  
18 area where industry has some really good ideas. Our  
19 staff wants to support it, but what level of pedigree  
20 is required? How do we look at assessing the  
21 reliability of certain types of processors?

22 So, it's a lot easier said than done. I  
23 don't know that we have gotten there yet on digital I&C.  
24 I know when my son came back from his first combat tour  
25 in Iraq and was telling me -- he engaged with Al Qaeda

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1 -- about the use of digital technology to call in close  
2 air support from F-18s and F-16s, in Diyala Province.  
3 It was all digital: communications, laser-guided  
4 weapons, that had lethal consequences. People were  
5 dying every hour out there, using digital technology.

6 And so, perhaps criticism of the broad  
7 nuclear enterprise as we've been may be a little bit  
8 slow, a little bit reluctant to embrace digital  
9 technology, but it's here to stay.

10 I think that's one area that we can  
11 continue to make progress in, and I know that that's  
12 an area where we talk a lot to our international  
13 colleagues about. I know that in the Office of  
14 Research you do just that from your vantage point,  
15 Brian.

16 MR. SHERON: Okay. And I think we have  
17 time for about one more question.

18 COMMISSIONER OSTENDORFF: Okay.

19 MR. SHERON: This is on Yucca Mountain  
20 licensing. It says, after the licensing board  
21 rejected DOE's request to withdraw the Yucca license  
22 application, has DOE notified NRC that the DOE will not  
23 support the NRC Yucca licensing process?

24 COMMISSIONER OSTENDORFF: I want to make  
25 sure I understand the question. Here's what I think

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1 the question is: what is our current understanding of  
2 what the Department of Energy is doing or is not doing?

3 MR. SHERON: Yes.

4 COMMISSIONER OSTENDORFF: I think as the  
5 Chairman indicated in his remarks, the Department of  
6 Energy informed the NRC last year that DOE would not  
7 be performing a Supplemental Environmental Impact  
8 Statement, and so the Commission directed our staff to  
9 do that as part of our own NRC staff efforts.

10 I can't speak to what the Department of  
11 Energy is willing to do or is actually going to do. I  
12 think the legal case is still in a state of suspension.  
13 There is still a legal applicant, maybe not a willing  
14 applicant. I think as far as what DOE plans to do,  
15 that's best addressed to DOE.

16 MR. SHERON: Okay. And I think that's all  
17 the questions we had.

18 COMMISSIONER OSTENDORFF: Okay.

19 MR. SHERON: And we're just about out of  
20 time, so I would like to thank you very much.

21 COMMISSIONER OSTENDORFF: Thank you all.

22 (Applause)

23 MR. SHERON: And now I believe we have our  
24 lunch break, and we reconvene at 1:30. So, thank you  
25 very much.

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1 (Whereupon, the above-entitled matter  
2 went off the record at 11:57 a.m.)  
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4  
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