



# NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

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**NRC Chairman Dale E. Klein**

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**Goizueta Leadership Center**

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Thank you.

Let me open by thanking The Institute of Nuclear Power Operations—INPO, as we call it — the National Academy for Nuclear Training, and the Goizueta Business School at Emory University for sponsoring this conference.

I always begin my speeches by saying, “I am pleased to be here.” But in this case, I really do mean it. I say that because I think that this conference— which is specifically designed for board members and officers of companies with nuclear electric generating assets—serves a very valuable purpose. In fact, the importance of education and training for executives in the commercial nuclear power business is one of the key subjects I want to discuss today.

All of you know, in general terms, what the NRC is and what it does... and if you don't know that yet, we are in trouble! So rather than spend a lot of time getting into specific details, we have provided copies of the NRC's *Information Digest*. This is a very interesting and informative publication, which I commend to your attention when you have some free time later today.

Let me begin by telling you briefly about my perspective, and what I've learned since I joined the NRC about 11 months ago. Then I want to look ahead, and touch upon five themes, or observations, that I think merit your attention as you become active in the commercial nuclear power business.

When I came to the Commission and had a chance to look around, I realized there were two areas I had to focus on. One was directed to the outside world—to the industry, of course, but also to Congress, other stakeholders, and the American people. That was the need to reaffirm the NRC's commitment to being a strong, stable, predictable regulator. I have made this point repeatedly in my public remarks. We want our licensees to have a reasonable expectation of timely regulatory decisions based on good science and high quality engineering practices. We need to be clear that we will hold our licensees accountable; but we will also articulate our requirements clearly. And frankly, given the limits on what can be accomplished in one year, I think we have done a good job of reaffirming that commitment.

The second priority I had was directed inward. At the NRC we hold our licensees up to a high standard of modern business and engineering practices, as well as technological excellence. So I thought it was important for the staff to understand that we need to do a better job of living up to a higher, more modern standard ourselves. One thing that struck me immediately was how antiquated our computing and communications technology was. I considered this a symptom of the larger need for the agency to modernize.

One of my in-house priorities, therefore, was to focus on updating the agency's infrastructure. The events of September 11, 2001, led the agency to divert resources from infrastructure improvements to higher priority security enhancements for a few years. We have now achieved a stable regulatory environment in the post 9/11 world and it is time to focus once again on infrastructure improvements. Just to illustrate how far out of step the agency had fallen on information technology, only this past year did we issue Blackberries to the senior staff. We are also in the midst of transitioning to the Microsoft Office Suite, which is today's business standard.

But these upgrades are really just a symptom of a larger need to modernize our business practices, and develop an adequately sized workforce with the proper space, training, and equipment. Given the expanded workload we are facing, in addition to ordinary employee turnover, we will have 1,200 new people at the NRC headquarters by 2009—which is nearly one-third of our entire workforce. And once we have trained and equipped all these people, we are going to work hard to keep them.

These upgrades are expansion are critical, because of the significantly expanded workload we are facing. For instance:

- We've been told by industry to expect license applications for 27 new reactors in the next two years... and every day our Executive Director of Operations warns me to prepare for an even higher number.
- To do that, we had to create an entirely new inspection office in Atlanta.
- We are scrambling to increase our workforce by a net of 600 employees.
- We urgently need 120,000 more square feet of office space at our headquarters.
- With uranium at \$100 a pound, we are hearing from a dozen companies expressing an interest in new mining operations in the U.S.
- We are dealing with a huge increase in public inquiries from people wanting more information about the expansion of nuclear power.
- Congress has also heightened its interest in our activities and our plans.
- Our office in charge of international programs is in overdrive to deal with the fact that nuclear energy has become, in almost every respect, a multinational business.
- And all of that is on top of our regular workload of overseeing the safety of the 104 plants already operating in the U.S. and a large number of licensees using radioactive materials.

Despite that, however, I feel confident in saying that whatever bottlenecks may slow down the building of new plants, the NRC licensing process will not be one of them. That is the first theme I want to mention.

Notwithstanding the challenges I just outlined, our staff is highly professional, motivated, and dedicated. And in case you missed the announcement, we are the "Best Place to Work" in the federal government. So we will do our job, and we will do it well.

Of course, making the process work smoothly is a two-way street. That is my second topic. I have said many times in my public statements that a quality application for a Combined Operating License, license renewal, design certification or anything else takes less time to review than a bad one. Quality and clarity of submissions will equal timeliness in NRC regulatory reviews. And I should add that "high-quality" in this sense also means a complete application.

Many of you will be part of the decision making process on the submission of license applications to NRC. I encourage you ask hard, probing questions about the quality of the application, because I can assure you... we will! And we would much rather have you take the

extra time up front to get it right, instead of taking extra time later to respond to a formal RAI—that's a Request for Additional Information—from the NRC staff.

My third subject is something that each of the five Commissioners believe in, and have said before—which is this: owning a commercial nuclear reactor is not a business for amateurs. If the nuclear power business is treated with less than the seriousness it deserves—and people begin to think that anyone can just jump on the nuclear bandwagon—it opens up the very real danger of making the “wave” of the nuclear resurgence look more like a “bubble.” And bubbles have a tendency to pop.

It is not my function as a regulator to tell industry how to manage its capital investments or construct its business models. As a regulator, however, I do have a legitimate interest in seeing that the “captains” of the nuclear energy industry have a proper appreciation for the technical, engineering, and security challenges involved in operating commercial nuclear reactors. So when I observe utilities spinning off their nuclear energy components, or see plans for changes in the ownership of nuclear power companies, I think it is worth reiterating the basic point that the nuclear energy business is in many ways unique, and should be treated as such. Highly qualified technical leadership will continue to be essential—and so it needs to be developed and maintained.

You probably have heard of Admiral Hyman Rickover, who was the father of the U.S. Nuclear Navy. One of the things Rickover was famous for was his insistence on safety, and his demand that the officers who ran nuclear-powered vessels be absolutely and thoroughly qualified. He took this so seriously, that he personally interviewed *every* prospective officer being considered for command of a nuclear ship. And he didn't care how much someone may have accomplished, or who he was... if you were going to command a nuclear vessel, you had take “Reactors 101.”

Rickover died in 1986, but there are a lot of people in this industry—like Admiral Skip Bowman who runs the Nuclear Energy Institute, or Jim Ellis of INPO—who will tell you that Rickover's influence is still felt, and his ghost still inspires a very strong safety culture, not just in the Navy, but in the civilian nuclear power industry as well. I hope that you will be inspired to share the same focused commitment to safety, training, and qualifications.

My fourth topic is actually a point that my fellow Commissioner Jeff Merrifield has made very incisively over the years, which I would like to share with all of you—and that is the self-interest you all have in working cooperatively with your counterparts in other countries.

I want to urge all of you this morning to appreciate how important this is—especially in regard to developing nations that possess nuclear technology. As you become more active in the commercial nuclear power business, I urge you to learn about important international organizations, such as the World Association of Nuclear Operators—particularly in light of the fact that nuclear energy will only become more, not less, international in the future.

Three-quarters of the world's reactors are of U.S. origin in construction or design. Therefore, a significant nuclear incident anywhere in the world would have inescapable consequences for the commercial nuclear energy sector here at home. So it seems to me that you have a bottom-line interest in helping ensure that the global expansion of nuclear energy proceeds in a way that promotes safe construction and operation.

This needs to be a priority for industry and regulators, and it is something that was discussed at length at the meeting of the International Nuclear Regulators Association I attended recently in Spain. There are some good international efforts already under way, such as the Multinational Design Evaluation Program. MDEP, as we call it, is an effort to leverage knowledge and experience on power plant design, and promote global convergence in associated codes, standards, and regulations. In the security arena, I would like to see us move toward increased standardization in the establishment of common threat parameters, and even beyond that. But, as I said, these efforts must be a focus of both industry and regulators.

For my final topic, I would remind you of what might seem like an obvious point: Utilities need to have a communication plan... with state and local governments, and of course with the NRC. Again, it is not my place to tell you how to do this, but I think it is worth reiterating how important it is to have a clear and effective communications plan.

So I hope you will encourage your plant operators to do more than just transmit outgoing public relations messages. They need to have open, two-way channels of communications with the public, interest groups, and—most importantly—elected officials. If you don't, then mayors, governors, congressman, and other elected officials will understand nuclear plant operations and safety issues according to what they hear from the media... rather than from you.

That was topic five—which means I am done, except for this final word. I am always careful to note that as a regulator I cannot be an advocate for or against commercial nuclear energy. And while that is unquestionably true, it is also true that you and I share the same ultimate goal: the safety and security of nuclear power plants and materials.

These critical goals of safety and security require each of us to fulfill our separate but complementary responsibilities. For our part, the NRC will be a strong and independent Commission; and we will continue developing the needed framework of regulatory stability. In turn, we expect that the manufacturers, builders, and operators of current and future plants will meet their obligations to the public as well. In this way, with all of us doing our jobs, nuclear energy will continue to play a valuable role in our nation's energy future.

Thank you for your attention. I will be happy to take some questions.