WRITTEN STATEMENT

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UNITED STATES NUCLEAR REGULATORY COMMISSION

TO THE

HOUSE COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEES ON ENERGY AND POWER, ENVIRONMENT AND THE ECONOMY

DECEMBER 12, 2013

Good morning, Chairman Upton, Ranking Member Waxman, Chairman Whitfield, Ranking Member Rush, Chairman Shimkus, Ranking Member Tonko, and distinguished members of the Subcommittees. My colleagues and I appreciate the opportunity to appear before you today on behalf of the U.S. Nuclear Regulatory Commission (NRC).

Since the Commission's last appearance before the joint Subcommittees on February 28, 2013, the NRC has continued to ensure the safety and security of the Nation's civilian nuclear activities, made enhancements based on lessons learned from the Fukushima Dai-ichi accident, and met challenges in other areas. In doing so, my fellow Commissioners and I continue to work collegially to carry out the NRC's mission of protecting public health and safety and the environment and promoting the common defense and security. I continue to value greatly the NRC staff's expertise and dedication to our mission.

Since joining the Commission, I have had the opportunity to visit each of the NRC's four regional offices, as well as seven nuclear power plants and several other licensed facilities. These visits have reinforced my belief that the agency's high caliber and dedicated staff of experts is ably fulfilling our critical mission. The NRC's resident inspectors give me particular confidence that the agency is protecting the public's health, safety and security. In short, I believe the NRC is operating very well. We are successfully meeting the variety of challenges

we face while also seeking to continuously improve in order to remain a strong and effective regulator.

Today, I'd like to highlight some of the NRC's accomplishments and challenges since last winter.

OPERATING REACTOR FLEET

The day-to-day safe and secure operation of the NRC's licensed facilities, including power reactors, and the safe and secure use of materials remains our top priority. All operating reactors in the United States are performing safely. The NRC's Reactor Oversight Process bins each plant according to its performance into one of five "columns" in what we call the Action Matrix. Column 1 consists of those reactors that we have assessed as having the best level of safety and security performance. On average, these plants receive a baseline level of approximately 2,370 hours per site of direct inspection effort, per year, with an additional approximately 2,420 hours per site for all associated monitoring of plant status, preparatory work, and inspection documentation. Plants in Columns 2, 3, and 4 receive sucessively increasing levels of NRC oversight, characterized by significantly enhanced inspection. Plants in Column 4 receive the most NRC attention short of a mandated shutdown. Column 5 includes those plants that are experiencing problems of sufficient safety significance as to require a shutdown until the problems are addressed.

On September 6, 2013, the NRC issued its calendar year 2013 mid-cycle assessments for all operating power reactors in the United States. These results document the plants' performance through the first half of 2013. There are currently 78 reactors in Column 1; 14 in Column 2; seven in Column 3; and one, Browns Ferry Unit 1, in Column 4. The NRC is working closely with the plants in the lower performance categories to conduct follow-up inspections of identified issues and ensure that corrective actions are implemented.

The Fort Calhoun Nuclear Generating Station, located in Nebraska, remains under special inspection oversight, separate from the normal performance categories, as a result of licensee performance problems stemming from an inadequate flood strategy discovered prior to experiencing severe flooding from the Missouri River and discovery of a design issue that resulted in a fire after the flood. The plant has been shut down since experiencing the severe flooding in May 2011. The licensee continues to pursue activities to prepare Fort Calhoun for restart. The NRC continues to assess and inspect the licensee's progress and will only authorize restart if the licensee has shown that it can operate the plant in a manner that provides for adequate protection of public health and safety.

With respect to the rest of the power reactor fleet, the NRC has approved license renewals for 74[1] reactors, most of which have already replaced, or plan to replace, major components such as reactor pressure vessel heads or steam generators. The NRC also reviews aging management programs for each licensed facility seeking license renewal. License renewals impacted by the Commission's Waste Confidence activities will remain pending until the conclusion of those activities, which I will discuss in greater detail later in these remarks.

NEW CONSTRUCTION

Following the issuance of the first Combined Licenses for new reactors at the Plant Vogtle and V.C. Summer stations approximately 20 months ago, safety-related construction at both facilities is well underway. There were some initial delays after NRC inspectors identified code compliance issues with the design of the basemat[2] and walls, which resulted in pouring concrete for the nuclear island basemats later than originally planned. The NRC issued license amendments to address these issues, and the basemats have now been placed at all four sites.

[1] Including one for the Kewaunee Power Station, which has since shut down.
[2] The basemat is the reinforced concrete foundation for the "nuclear island," which consists of the containment building, shield building, and auxiliary building.

The auxiliary building walls at Summer Unit 2 and Vogtle Unit 3 are being constructed, the bottom portions of both containment vessels have been set, and the reactor vessels are on-site. In addition, significant progress has been made on major structural modules, the turbine buildings, and cooling towers at both sites. Other issues identified by NRC inspectors have been in the area of civil construction and digital instrumentation and control. Both sites experienced issues with the delivery and quality of the fabrication of plant modules, but overall, construction appears to be going smoothly. I had the opportunity to visit the Plant Vogtle site in June 2013 and was impressed with the significant progress being made at the site, as well as with the effective communication between the NRC and the licensee to ensure that previously-identified issues are being addressed appropriately.

The reactors under construction at the Vogtle and Summer sites are the first of a new generation of reactors built under the regulations in 10 CFR Part 52. These regulations allow applicants to seek a combined license covering nuclear power plant construction and operation and permit the use of a pre-approved standardized design. On one hand, the streamlined approach of issuing one license is intended to minimize potential delays in bringing new plants online, but in turn, licensees must construct the plant in accordance with the approved design referenced in the license application. The lessons learned at V.C. Summer and Plant Vogtle will inform our work in new reactor licensing and construction oversight going forward. We intend to continue to work with licensees and vendors to ensure that they fully understand our expectations regarding as-built design detail and the finality of the approved design.

The NRC also continues to provide construction oversight at Watts Bar Nuclear Plant Unit 2. The NRC staff review of Tennessee Valley Authority's (TVA's) submittals related to the Operating License Application of Watts Bar Unit 2, while mostly complete, is still in progress. The NRC staff continues to document its findings in supplements to the safety evaluation report, and construction inspection reports to ensure that TVA has met the applicable regulatory

requirements. Currently, the staff is working towards an operating licensing decision in December 2014.

The NRC also anticipates the submission of the first design certification applications for small modular reactors (SMR) in 2014, for the Westinghouse SMR and Babcock & Wilcox mPower designs. We have ensured that we are appropriately staffed to conduct these SMR design certification reviews in a timely manner.

DECOMMISSIONING

Since we last appeared before the joint Subcommittee, four reactors have announced their intention to cease commercial operations and permanently shut down due to a variety of factors. Kewaunee Power Station; Crystal River Nuclear Generating Plant, Unit 3; and Units 2 and 3 of the San Onofre Nuclear Generating Station entered decommissioning following announcements earlier this year. More recently, in late August, Entergy announced its intention to close the Vermont Yankee nuclear power plant by the end of 2014.

Our licensees have three decommissioning options from which to choose under NRC regulations: DECON, or immediate dismantlement; SAFSTOR, or deferred dismantlement; and ENTOMB, in which radioactive contaminants are permanently encased on site. To date, no NRC licensee has selected the ENTOMB option. Our regulations require that decommissioning be completed within 60 years of cessation of operations. As these plants transition from operating to decommissioning, the NRC will adjust its oversight accordingly and ensure the next steps are carried out safely, while keeping the public informed of the process.

YUCCA MOUNTAIN

The NRC has acted expeditiously to comply with the August 13, 2013, U.S. Court of Appeals for the District of Columbia Circuit decision directing the NRC to promptly continue with the legally mandated licensing process for the high-level waste repository at Yucca Mountain,

Nevada. On August 30, the Commission issued an Order requesting that all parties to the suspended Yucca Mountain adjudication provide their views within 30 days on how the NRC should continue with the licensing process. At the same time, we also directed the NRC staff to gather budget information that would provide current data on the cost of completing various aspects of the licensing process.

On November 18, 2013, the Commission issued an Order directing the NRC staff to complete work on the safety evaluation report on the Department of Energy's construction authorization application for the proposed Yucca Mountain nuclear waste repository. The Commission also requested that DOE prepare a supplemental environmental impact statement, needed by the NRC staff in order to complete its environmental review of the application. The Commission did not direct the staff to reconstitute the Licensing Support Network (LSN) that supported the adjudicatory hearing on the application, but did direct the staff to load documents in the LSN collection into the NRC's non-public ADAMS online database. The Order acknowledges that documents used as references in the safety evaluation report and supplemental environmental impact statement will be publicly released; however, public release of all LSN documents will depend on whether sufficient funds remain available to do so.

The Commission also directed that the adjudication related to the Yucca Mountain license application continue to be held in abeyance. The Commission has received one motion to reconsider aspects of its decision and another requesting clarification of other portions. The NRC will continue to keep our Congressional oversight committees fully informed through monthly activity and status reports of our progress in responding to the court's direction to the agency to continue its review of the Yucca Mountain application at least until existing funds appropriated for the review are expended.

WASTE CONFIDENCE

Following the U.S. Court of Appeals' June 2012 remand of the Waste Confidence Rule, the Commission directed the NRC staff to address the issues identified in the court's remand by September 2014. The proposed Waste Confidence Rule and draft generic environmental impact statement, prepared in response to Commission direction, are available for public comment until December 20, 2013. To supplement the public comment period, the NRC has provided multiple opportunities for public involvement in this process. We held 13 public meetings at various locations around the country: two at NRC's Headquarters; Denver, Colorado; Chelmsford, (near Boston) Massachusetts; Tarrytown (north of Manhattan), New York; Charlotte, North Carolina; Orlando, Florida; Oak Brook (near Chicago), Illinois; Carlsbad, California; San Luis Obispo, California; Perrysburg (near Toledo), Ohio; and Minnetonka (near Minneapolis), Minnesota. We also held a final, teleconference-only meeting based out of our Rockville, Maryland Headquarters.

As the staff continues its work on Waste Confidence, the NRC continues to review all affected license applications. However, we will not issue licenses dependent upon the Waste Confidence Decision or the Temporary Storage Rule, such as combined licenses or license renewals, until the court's remand is appropriately addressed. This determination extends just to final license issuance; all licensing reviews and related proceedings continue to move forward.

FUKUSHIMA

Two and a half years after the Fukushima accident, the NRC and the international community have a more informed understanding of the event sequence and the work necessary to implement safety enhancements based on lessons learned. Additionally, based on lessons learned from the Three Mile Island accident, we are committed to appropriately prioritize and integrate the Fukushima lessons learned to ensure that they do not create an adverse impact on the agency's other safety-significant work. We are taking the time necessary to conduct

detailed research, develop comprehensive regulatory requirements, if necessary, and seek input from a broad array of constituents, to ensure that the actions we are taking are technically sound and provide the most appropriate safety enhancements.

I am pleased to report that we have done extensive inspections at each U.S. nuclear power plant and that the Commission remains confident that the fleet continues to operate safely. The additional actions we are requiring will enhance licensees' abilities to mitigate the effects of a beyond design-basis accident. The licensees have also conducted thorough "walkdown" inspections at their facilities, are in the process of re-evaluating their seismic and flooding hazards, and are making significant progress in implementing the new requirements stemming from the Fukushima lessons learned.

Recently, there has been increased focus on water contamination at the Fukushima site, in part because of leakage in one of the tanks built to store highly contaminated water on the site. To help clarify the situation: the greatest releases of radioactivity occurred in the days immediately following the accident. While the uncontrolled release of contaminated water remains an issue of great concern for the Japanese public, the radionuclide concentrations in the current releases are orders of magnitude lower than the immediate, post-accident releases that occurred in March 2011, as well as orders of magnitude lower than international dose standards. The NRC continues to work closely with its counterpart, the Japan Nuclear Regulation Authority, at both the Commission and staff levels. Together with other U.S. Government agencies, we have offered our assistance and remain in frequent contact with our counterparts to ensure we maintain up-to-date information about the situation.

Based on information available to the NRC, there are no public health and safety impacts for the United States as a result of water contamination from the Fukushima site. The U.S. Environmental Protection Agency, the Food and Drug Administration, and the National Oceanic and Atmospheric Administration are the lead federal agencies on this matter and are closely monitoring the situation and, based on the information provided by these agencies and

other reliable sources, we are confident that radionuclide concentrations in samples of water and seafood off the coast of Fukushima are each well below levels that require action to be protective of public health and safety. We are therefore confident that the U.S. Hawaiian and mainland coastlines are not at risk. The NRC has issued a fact sheet available on our website that provides additional information to the public on the current situation in Japan.

In terms of our efforts to implement high-priority, safety-significant lessons learned at operating nuclear facilities in the United States, I would like to summarize the progress the NRC and our licensees have made.

Seismic and Flooding Evaluations and Inspections

Following the accident, the NRC moved swiftly to require reactor licensees to confirm their capability to protect against seismic and flooding events within the plant's current design basis. In November 2012, the licensees submitted their final reports, which are being reviewed by the NRC staff. The NRC is also inspecting the licensees' performance. At this time, no issues identified by the licensees or the NRC raise safety concerns. A few plants reported some discrepancies in flood protection such as: degraded flooding seals; procedure deficiencies; and temporary flood barriers that may not have performed as designed should they have been called upon to function. Examples of potential seismic issues included degraded equipment or hardware (e.g., missing bolts, corrosion), potential for spatial seismic interactions, and problems associated with housekeeping procedures. The licensees are correcting these issues in a timely manner under NRC oversight. To confirm licensees conducted the "walkdowns" correctly, NRC staff conducted audits this past summer at select plants and sites to gather additional information. As the next step, the NRC will complete detailed safety assessments of each of the licensees' walkdown reports and will issue those assessments later this month.

Seismic and Flooding Reevaluations

To ensure adequate protection against natural hazards, the NRC is requiring the licensee for each plant to use current methodologies and updated regulatory guidance to reevaluate seismic and flooding hazards and then evaluate the plant response to those hazards. The NRC will use the results of these assessments to determine whether additional site-specific safety enhancements are necessary.

For the flooding hazard reevaluations, the NRC categorized the plants based on factors such as the complexity of the analyses required, co-location with a site considering a new reactor application and the potential for needing an integrated assessment of the re-evaluated hazard to the current design basis. Sixteen sites have already provided the results of their reevaluated flood hazard, and the others are on a staggered deadline schedule through March 2015.

Sites with reevaluated hazard results that are bounded by their current design basis do not need to take further action. Licensees whose flooding hazard reevaluation results are not bounded by their current design basis were requested to describe any interim actions, taken or planned, to address the reevaluated flooding hazard. In addition, these sites must complete an assessment of the site's flood protection and mitigation capability within two years of submitting the hazard reevaluation results to determine whether permanent safety enhancements are necessary.

At present, the NRC is reviewing the interim actions for flooding that were proposed for individual sites and is performing on-site inspections to ensure that the interim actions are protective of public health and safety. Concurrently, the NRC is reviewing the flood hazard reevaluation results submitted by the licensees to ensure they correctly utilized current methodologies. Of the licensees that submitted their hazard reevaluations on March 12, 2013, the majority have identified hazards that are greater than their current design basis and this will require them to take further action.

Seismic hazard assessments are on a separate schedule, and work is well underway at the plants. Licensees have begun the process of performing the analyses necessary to reassess the seismic hazards for their facilities. In establishing the methodologies for performing this reassessment, the NRC and industry concluded that ground motion models for plants in the central and eastern United States should be updated. These ground motion model updates were completed at the end of May of this year and approved by the NRC staff in August for licensees to use in the reassessment of the seismic hazards. Licensees whose plants are located in the central and eastern United States have recently submitted to the NRC a portion of their hazard reassessments and will submit the complete reevaluations by March 2014. Licensees whose plants are located in the western United States are scheduled to submit their hazard reevaluations by March 2015. Because the U.S. Geological Survey recently updated seismic hazards for the central and eastern United States, plants in those areas could incorporate this new data directly. Licensees for the three sites in the western United States must conduct significant additional research in order to submit their seismic hazard reassessments.

As an interim step to implement safety enhancements more quickly than originally scheduled, the NRC and industry have developed a revised approach to upgrade certain safety systems at the facilities. Licensees will now use their updated seismic hazard assessments to identify and implement seismic upgrades to certain safety significant equipment. Previously, they were to conduct comprehensive plant risk analyses before determining what upgrades may be necessary. This change allows for certain seismic-related safety enhancements to be completed at the sites sooner than originally planned, with many plants completing safety enhancements by 2016. The NRC will still require licensees to complete the seismic probabilistic risk assessments to determine if any further safety enhancements are warranted.

Enhanced Capabilities to Mitigate Beyond-Design-Basis Accidents

To ensure that sites are better prepared to respond to beyond-design-basis accidents, the NRC has required licensees to provide additional capabilities to maintain or restore core cooling, containment, and spent fuel pool cooling for all units at a site simultaneously following an extreme natural event. This includes procurement of portable power supplies, cooling pumps, and supporting equipment to supplement the existing plant safety systems. To implement these requirements, in February 2013, the licensees submitted their integrated safety plans for NRC approval. They have begun to procure the equipment at their sites. Most of the sites with operating reactors will achieve full implementation by the end of 2015, with the remaining sites to be completed by 2016. The industry is also establishing Regional Support Centers in Memphis, Tennessee and Phoenix, Arizona with the capability to deploy equipment to any reactor site within 24 hours. These Centers will be fully operational by the end of 2014. During and after implementation, the NRC will conduct inspections to verify that nuclear power plants have put appropriate strategies in place to mitigate beyond design-basis accidents.

The NRC is conducting a rulemaking that would impose new requirements similar to those already imposed in a March 2012 Order to mitigate a prolonged station blackout condition. This rulemaking will incorporate feedback and lessons-learned from implementation of the previously imposed Order to inform the new requirements to enhance capabilities to mitigate beyond-design-basis accidents at the sites. This rulemaking remains on schedule to be completed by 2016. As with all regulatory requirements, the licensees will be required to comply with the final rule.

Emergency Preparedness

To ensure that nuclear power plant sites have adequate staffing and sufficient communication capacity in place to cope with prolonged accident conditions, particularly involving multiple units, the NRC requested that licensees reassess their emergency response capabilities. This includes examining staffing plans, conducting periodic training for staff on

multi-unit accident scenarios, and ensuring that communication equipment can function during a prolonged loss of power at the site. Licensees are performing these activities and are required to complete them by 2016. Portions related to staffing and communications have already been completed and submitted to the NRC. The NRC staff has issued safety assessments concerning the communications portion to operating licensees. The staff will follow up with licensees to confirm that the enhancements to the sites' communication systems are completed. The NRC is conducting a rulemaking to integrate emergency operating procedures, severe accident management guidelines, and extensive damage mitigation guidelines. This rulemaking will require these safety procedures to be effectively implemented in a coordinated manner during a nuclear accident. The new requirements will better equip licensees to address accidents outside of a plant's current design basis, and promote proper training to address these scenarios. This rulemaking remains on schedule to be completed by 2016. The NRC will then ensure that the licensees take the actions specified in the final rule.

Spent Fuel Pool Instrumentation

To ensure the capability to continuously monitor spent fuel pool water levels and conditions during an extreme event, the NRC has required by Order the installation of enhanced instruments at all nuclear plants. This additional equipment expands upon the capabilities of that which is currently installed and will indicate the full range of water level above the spent fuel assemblies. Licensees must complete installation of this instrumentation along with the installation of the enhanced spent fuel pool cooling capabilities, with full implementation at all sites by 2016. Licensees submitted their integrated safety plans to implement this requirement in February 2013. The NRC is in the process of reviewing those safety plans, and will issue interim staff evaluations by the end of 2013. The NRC will also issue final safety evaluations and inspect each site to verify that the licensees have appropriately implemented this requirement.

Reliable Hardened Vents

To protect containment integrity in the 31 boiling water reactors with Mark I and II containments, similar in design to those found at Fukushima Dai-ichi, the NRC required by Order installation of reliable hardened vents capable of relieving high pressure in the reactor containment. In response, licensees submitted their plans for implementing this requirement in February 2013. These requirements were initially on the same schedule as those I just described, with full implementation scheduled for 2016. The Commission subsequently directed the staff to expand those requirements to ensure that the vents can be operated during severe accident conditions. The NRC issued new requirements for operation of vents in June 2013. These include a revised schedule requiring licensees to submit implementation plans in June 2014 and have in place severe accident capable venting systems by June 2017.

The Commission also directed the NRC staff to undertake a rulemaking to consider additional requirements for these reactors to retain and filter radioactive material during an accident and enhance the capability to maintain containment integrity and cool core debris. In keeping with NRC rulemaking practices, there will be multiple opportunities for public participation in the process.

Spent Fuel Pool Study and Expedited Transfer Issues

Although inspections of the Fukushima Dai-ichi facility determined that spent fuel pool integrity had been maintained and the spent fuel had been adequately cooled during the accident, the event led the NRC staff to undertake efforts to confirm the safe storage of spent fuel and to determine whether the NRC should undertake a regulatory action to require expedited transfer of spent fuel to dry cask storage at U.S. nuclear power plants. In the summer of 2011, the NRC staff initiated a research project entitled, “Consequence Study of a Beyond-Design-Basis Earthquake Affecting the Spent Fuel Pool for a U.S. Mark I Boiling Water Reactor.” The study used the Peach Bottom plant in Pennsylvania as a “reference plant.” A draft of the study was completed and the NRC solicited public comment on the report in July

2013. The final report was completed and made available to the public in October 2013. The staff also undertook a generic assessment – looking at all reactor types and various initiating events – to determine if the potential safety benefits of reducing the amount of spent fuel stored in storage pools would: (i) meet the NRC's criteria for a substantial safety improvement at existing nuclear power plants; and (ii) meet criteria for a cost-justified safety improvement for future nuclear power plants. The Commission is evaluating the staff's assessment and proposal and will make a decision after our January 6, 2014 public meeting on the issue.

National Academy of Sciences Study

As directed by Congress, the NRC issued a grant to the National Academy of Sciences (NAS) to provide an assessment of lessons learned from the Fukushima nuclear accident for improving the safety and security of nuclear plants in the United States. This assessment will address the following issues: (1) causes of the Fukushima nuclear accident; (2) re-evaluation of the conclusions from previous NAS studies; (3) lessons to improve plant safety and security systems and operations; and (4) lessons to improve plant safety and security regulations, including processes for identifying and applying design basis events for accidents and terrorist attacks to existing nuclear plants. The NRC staff is providing the assistance needed to support NAS' completion of the report in mid-2014.

Longer-Term Actions Associated with Fukushima Lessons Learned

The end of 2016 will mark an important milestone for the NRC to measure its progress in implementing the lessons learned from the Fukushima accident. The summary provided thus far has shown the significant progress that the agency has made or will make by this date. We have focused on the highest priority, most safety-significant lessons learned first. The agency will meet or exceed the five year goal in completing the most safety-significant enhancements.

Over the coming months and years, as we gain insights from implementation of the highest priority actions, related activities at the Fukushima Dai-ichi site, and resources become available with the critical skill sets, the schedules for disposition of the remaining lessons

learned will become clearer. The NRC remains committed to implementing the appropriate Fukushima lessons learned in an effective, timely, and safety-focused manner and without adverse impact on the agency's other safety-significant work.

The NRC continues to interact with our licensees and interested members of the public as we move forward to implement these Fukushima safety enhancements. We have held more than 150 public meetings over the last two and a half years in an effort to keep the public apprised of our activities. We remain mindful of the cumulative effects of regulation and have established a process that attempts to manage cumulative impacts. The NRC is taking a careful and deliberate approach to this work to prevent these regulatory actions from distracting us or the industry from day-to-day nuclear safety priorities, and to avoid unintended safety or security consequences. We recall the lessons learned from previous events such as the September 11, 2001, terrorist attacks, knowing that a change in one system has the potential to adversely affect another system if not considered holistically.

SECURITY

On October 11, the NRC concluded a two-week International Atomic Energy Agency (IAEA) International Physical Protection Advisory Service (IPPAS) mission. An international team of security experts reviewed the NRC's physical protection regulations, as well as how they are implemented at the National Institute of Standards and Technology's (NIST) Center for Neutron Research in Gaithersburg, Maryland. The IPPAS team concluded that "nuclear security within the U.S. civil nuclear sector is robust and sustainable and has been significantly enhanced in recent years." The NRC has recently revised its regulations related to the physical protection of spent fuel in transit. We have also recently issued a new regulation, 10 CFR Part 37, which provides expanded security measures for the physical protection of the most risk-significant radioactive materials. In January 2013, we began the first round of inspections of power reactor licensees' cyber security plans and implementation. To date, we have completed

16 such inspections, and are now evaluating possible cyber security requirements for fuel cycle facilities.

INTERNATIONAL

International cooperation remains a priority for the NRC. We remain engaged on a bilateral and multilateral basis with our international counterparts on safety, security, and safeguards issues. We are currently preparing for the Sixth Review Meeting of Parties to the Convention on Nuclear Safety, which will take place in March 2014.

SEQUESTRATION AND GOVERNMENT SHUTDOWN

The sequestration that took effect March 1, 2013, required the NRC to manage a reduction in its operating budget of approximately $52 million in fiscal year 2013. While these required cuts did cause delays in licensing new nuclear facilities and the deferral or elimination of research to refine or enhance analytical tools, the sequestration did not adversely impact the agency's ability to continue carrying out normal operations and fulfilling its core safety and security mission. Further, we did not impose any furloughs on our staff. If sequestration continues in fiscal year 2014, the Commission will be faced with implementing more austere reductions that will have long-term impacts on important NRC programs, and could adversely impact our new reactor work, research, and non-emergency licensing activities such as power uprates, license renewal, and uranium recovery, among other functions.

This noted, the NRC has an established process to execute our appropriated resources as wisely as possible. This process is an add/shed/defer approach whereby the agency identifies and reprioritizes existing or planned work when emergent items of higher priority are assigned, when there is a shift in workload priorities, when licensees or applicants change their plans, or when the realized impact of work is greater than what was budgeted. "Fact-of-life" changes frequently occur and result in the need to re-evaluate plans and resources. When

there is a reduction of workload, the agency uses this established process to evaluate how resources should be reallocated to support emergent work.

This process was used to address the decision made by the Commission to respond to the court decision on Waste Confidence. This process will also be used if additional reductions are necessary due to sequestration and to make adjustments for unplanned shutdown of plants.

Finally, recent fiscal realities demand that we adapt to the best of our abilities to protect our core safety and security missions. This said, the recent government shutdown had a detrimental impact on the NRC's operations. I note that, thanks to careful planning and the availability of carryover funding, the NRC was able to remain open until October 10. In addition, I must emphasize that the agency's safety and security mission, including presence at our licensed facilities and emergency response capabilities, was never in jeopardy. However, the week-long furlough of 93 percent of our 4,000-person staff resulted in delays in non-emergency licensing actions; the cancellation or postponement of public meetings; and a backlog of other important work. We estimate that the total productivity cost to the agency due to the period of elapsed appropriation exceeds $10 million.

The NRC staff is a talented, dedicated team that takes pride in its public service and its ability to complete work in a thorough and timely manner. The uncertainty and worry the shutdown caused for the men and women of our agency, and all federal agencies, were unfortunate.

INTERNAL COMMISSION PROCEDURES

The NRC's Internal Commission Procedures govern how business is conducted at the Commission level, including the Chairman's and Commissioners' responsibilities, Commission decision-making processes, and how sensitive information is provided to Congress. The procedures, which are available on the NRC's website, address the Commission's actions as a collegial body. I believe the Commission is functioning well in this regard.

The Commission reviews its internal procedures every two years and makes changes as appropriate. We are currently in the midst of this biennial review and recently issued a revised Chapter 6, pertaining to how the agency addresses requests from Congress for certain sensitive documents. Before I discuss the changes, I would like to make it clear that the NRC is committed to keeping Congress fully and currently informed of its activities and providing individual members with needed information.

The recent revision to the Internal Commission Procedures expresses the expectation that requests for certain sensitive, non-public documents be submitted by the Chairs or Ranking Members of our oversight committees. Though this expectation would require some members of Congress to take an extra step in obtaining sensitive documents from the Commission by working through the Chair or Ranking member of an NRC oversight committee, this step was necessary to ensure that sensitive documents have the appropriate protection under the law. Making this change allows full and free communication between the Commission and all members of Congress, and at the same time affords greater protection against unintended waiver of the agency's privileges to withhold sensitive, non-public information in response to subsequent Freedom of Information Act (FOIA) requests for the same information. We have, in recent years, received FOIA requests for documents that we have provided to our oversight committees or to individual members. In considering this change, the Commission carefully assessed how to best protect sensitive documents. We consulted extensively with the Department of Justice (DOJ) to ensure that our procedures are consistent with DOJ FOIA guidance and carefully considered the practices of other federal agencies.

We also clarified language describing our intention to continue to request special handling of some sensitive documents, when the request is from the Chair or Ranking member, because we felt the previous written procedures did not accurately reflect longstanding Commission practice in this regard. Historically, in response to Congressional requests for documents, the Commission identifies for the requester those categories of documents that, if

released, would raise concerns for the Commission in carrying out its role as an independent regulator. These would include requests for sensitive documents pertaining to ongoing agency adjudications or potential or ongoing investigations or enforcement actions. Almost uniformly, Congressional offices have respected the Commission's request for special treatment of these select categories of information. We believe that these conversations are important and worthwhile. The Commission will continue to ensure that at the same time, transmission of all other requested documents that fall outside these especially sensitive categories is prompt and does not await the outcome of these conversations.

It is important to underscore that we do not receive a large number of requests for sensitive documents from individual members of Congress. As always, in cases where individual members request non-sensitive information, the Commission will continue to provide prompt, comprehensive briefings, updates, and publicly-available documents. In addition, we recognize that there may be instances where an individual member with a facility in her or his state or district comes directly to the Commission with a request for sensitive documents about that facility. Our objective will be to find mutually acceptable means to provide the member with a response whether that be by access to documents, information, or any other appropriate assistance. Further, let me emphasize that, as always, if an event or accident occurs that may impact an individual member's state or district, the Commission will work diligently to meet the individual member's immediate and long-term information needs. These practices have not changed.

We are confident that, with these revised procedures, we will continue to meet the needs of Congress.

A LOOK AHEAD

While we have accomplished a great deal, many challenges lie ahead for the NRC. In the next several months, the Commission's primary activities will include the following issues:

- Accomplishing the NRC's core mission in a challenging budget environment;
- Completing the Yucca Mountain Safety Evaluation Report in an efficient and effective manner;
- Completing the Generic Environmental Impact Statement and final rule on Waste Confidence;
- Further implementing safety-significant lessons learned from the Fukushima accident in accordance with established agency processes and procedures;
- Overseeing decommissioning activities at SONGS, Kewaunee and Crystal River 3;
- Continuing to conduct oversight of construction activities at the new Plant Vogtle, V.C. Summer, and Watts Bar 2 reactors;
- Reviewing the first SMR design certification applications;
- Continuing implementation of radioactive source security enhancements, including ensuring that Agreement States have implemented compatible regulations and updating our own procedures and guidance documents;
- Moving forward with cyber security efforts for nuclear power plants, fuel cycle facilities, research and test reactors, and materials licensees; and
- Strengthening our close cooperation with international partners.

Chairman Upton, Ranking Member Waxman, Chairman Whitfield, Ranking Member Rush, Chairman Shimkus, Ranking Member Tonko, I thank you for the opportunity to appear before you today and would be pleased to answer your questions.