

Official Transcript of Proceedings
NUCLEAR REGULATORY COMMISSION

Title: Category 3 Source Security and Accountability
Public Meeting Evening Session

Docket Number: (n/a)

Location: Houston, Texas

Date: Tuesday, February 28, 2017

Work Order No.: NRC-2892

Pages 1-56

NEAL R. GROSS AND CO., INC.
Court Reporters and Transcribers
1323 Rhode Island Avenue, N.W.
Washington, D.C. 20005
(202) 234-4433

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

+ + + + +

PUBLIC MEETING ON
CATEGORY 3 SOURCE SECURITY
AND ACCOUNTABILITY

+ + + + +

Tuesday, February 28, 2017

+ + + + +

Houston Marriott at the
Texas Medical Center
6580 Fannin Street
Houston, Texas

The above-entitled hearing was conducted
at 6:00 p.m.

BEFORE:

GEORGE SMITH, Facilitator

NRC STAFF PRESENT:

LINDA EUSEBIO

MARK SHAFFER

GEORGE SMITH

DUNCAN WHITE

IRENE WU

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A G E N D A

<u>ITEM</u>	<u>PAGE</u>
Introduction	3
Public Comment Process	4
Background	8
Public Comment	19
Remaining Public Meeting and Webinar Dates . . .	55
Closing	55
Adjourn	56

P R O C E E D I N G S

(6:00 p.m.)

MR. SHAFFER: Good evening. My name is Mark Shaffer. I'm the director of the Division of Nuclear Material Safety in NRC Region IV Office in Arlington, Texas.

I want to thank you for participating in today's meeting. As you know, today we're here to discuss and will focus on the re-evaluation of Category 3 source security and accountability. Irene is going to cover some of the background on this topic, but just to introduce the issue just a bit, I want to note that the U.S. Government Accountability Office, GAO, conducted an audit of NRC's and the Agreement States' licensing processes, and during that audit they identified some concerns related to security and accountability for Category 3 sources.

So subsequent to the GAO's report, the NRC Commission directed the staff to perform a re-evaluation, including the pros and cons of different methods for validating licenses, and the pros and cons of including Category 3 sources in the National Source Tracking System.

Part of the Commission's directive to the staff is for us to engage with our stakeholders to fully assess the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 regulatory impact on any potential changes to existing
2 processes and regulations.

3 So let me reiterate and make it clear
4 tonight that we're not in a process of changing the
5 regulations or the requirements. What we are doing is
6 performing an evaluation that will support the
7 development of recommendations to the Commission on
8 whether or not requirements regarding security and
9 accountability of Category 3 sources should be
10 changed, and if changes are recommended, what should
11 the changes or the new requirements be.

12 The results of this determination are not
13 predetermined and the NRC has not yet made any
14 decisions regarding changing existing regulations. On
15 the contrary, we're in the early stages of performing
16 this evaluation and this meeting today is part of our
17 process to receive stakeholder feedback to help us
18 formulate recommendations to the Commission.

19 The staff's recommendation to the
20 Commission are due in August of this year. Ultimately
21 the Commission will decide whether or not to pursue
22 regulation changes related to the security of Category
23 3 sources. So we recognize that obtaining stakeholder
24 input is an important part of this effort and must be
25 considered in our evaluation to enable us to develop

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 well thought out and comprehensive sets of information
2 and recommendation.

3 Today's public meeting is part of a series
4 of meetings and webinars that we're hosting during the
5 public comment period for this evaluation, and the
6 public comment period closes on March 10 of this year.
7 Therefore, to the extent you can, it would be very
8 helpful to us if you could provide us with some
9 specificity in your comments regarding any potential
10 impacts that the changes to the existing requirements
11 might have. We want to here all of your input, and
12 again, let me emphasize if you can provide specificity
13 it's really helpful for us to develop some well
14 founded recommendations for the Commission.

15 So thank you for taking the time to
16 participate in today's meeting. We're looking forward
17 to an engaging dialogue. And wit that, I'll turn it
18 back over to George who will be our facilitator for
19 today.

20 MR. SMITH: As a reminder, for those that
21 are in the room, the emergency exits are on your left
22 and right, or you can use the escalator to go
23 downstairs, and we'll meet across the street, and
24 Irene will just want to account for everyone before
25 you leave or if you decide not to stay if there's an

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 emergency.

2 So we also have members of the NRC
3 Agreement States Category 3 source security and
4 accountability working group in attendance here and on
5 the phone. They may ask clarifying questions to
6 ensure we accurately capture your comments. And also,
7 we want to remind everyone in the room that just to
8 minimize any interruptions, please place your phone on
9 courtesy mode, that's either silent or vibrate. And
10 we understand, again, that you may have to take
11 important phone calls or make important phone calls.
12 We just ask that you do it outside of the room so we
13 can accurately capture the comments today.

14 For those on the phone, please make sure
15 you are logged into the webinar in order to follow
16 along with the slide presentation. If you have not
17 registered for the webinar, the webinar registration
18 information is available in the public meeting notice
19 on the NRC public meeting website. A copy of the
20 slides used in today's meeting will be made available
21 on the Category 3 web page located on the NRC website.

22 So now the agenda. First we'll go over
23 the public comment process. Next we'll give a brief
24 background on how we got here and why we are asking
25 for your input. Then we will go over the different

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 comment areas, open the floor for comments on each
2 question, and then we'll open for comments on each
3 question in the *Federal Register* notice. At the end
4 of the meeting, we will provide information on the
5 remaining Category 3 source security and
6 accountability public meeting and webinar dates, and
7 then close the meeting.

8 So this is a Category 3 public meeting
9 which means we will be soliciting feedback to ensure
10 your issues and concerns are presented, understood and
11 considered by the NRC. This meeting is being
12 transcribed to accurately capture your comments. Your
13 comments during the public meeting and those submitted
14 to the NRC will be considered by the NRC in preparing
15 the report to the Commission as directed by the staff
16 requirements memorandum for COMJMB-16-0001. The NRC
17 does not plan to provide specific responses to
18 stakeholder feedback during this meeting.

19 Please do not provide nonpublic official-
20 use-only safeguards and/or classified information
21 related to a specific facility.

22 For those on the phone, the operator will
23 place you in a queue if you have comments to provide
24 at today's meeting. The operator will inform you when
25 you will be allowed to present your comments.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 If you do not have the opportunity to
2 provide comments today or if you have additional
3 comments, please submit your comments to the NRC by
4 March 10, 2017, and you can submit those comments via
5 the web at ww.regulations.gov for Docket ID NRC-2016-
6 0276, or you can mail comments to Cindy Bladey, Office
7 of Administration, Mailstop OWFN-12-H08, U.S. Nuclear
8 Regulatory Commission, Washington, D.C. 20555-0001.
9 Please include the Docket ID NRC-2016-0276 in the
10 subject line of your submission.

11 I will now turn it over to Irene Wu who
12 will provide some background information.

13 MS. WU: Thank you, George.

14 My name is Irene Wu and I am a project
15 manager at the Nuclear Regulatory Commission and the
16 co-chair of the NRC Agreement State Working Group that
17 is conducting this re-evaluation.

18 As you may know, the Commission issued a
19 staff requirements memorandum for COMJMB-16-0001,
20 dated October 18, 2016, which directed the NRC staff
21 to take specific actions to evaluate whether it is
22 necessary to revise NRC regulations or processes
23 governing Category 3 source protection and
24 accountability. However, this is not the first time
25 that we have reviewed strategies for the protection

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 and accountability of Category 3 sources.

2 In 2007 the GAO conducted an investigation
3 on NRC's materials licensing program and was able to
4 obtain a radioactive materials license using a
5 fictitious company and placed orders that would have
6 resulted, if actually obtained, in receipt of an
7 aggregated Category 3 quantity of radioactive
8 material. After the 2007 investigation, the NRC and
9 Agreement States made a number of significant changes
10 to strengthen the licensing and regulatory processes
11 to prevent individuals how may have malevolent intent
12 from obtaining a radioactive materials license.

13 In 2009 licensees began reporting Category
14 1 and 2 sources to the National Source Tracking
15 System. Staff had proposed to expand reporting to the
16 National Source Tracking System to include Category 3
17 sources, however, the Commission did not reach a
18 decision on the proposed rulemaking and the final rule
19 was not approved.

20 In 2014 GAO initiated another audit of the
21 materials licensing program to determine whether the
22 licensing vulnerabilities identified in its 2007
23 investigation had been addressed by the NRC and
24 Agreement States. As part of its audit, GAO rented
25 storefront warehouse space to demonstrate a fictitious

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 company's legitimacy during pre-licensing visits.

2 The GAO was successful in one of three
3 attempts and acquired a license for a Category 3 well
4 logging source which they used to place one order for
5 a Category 3 source. GAO then altered the license and
6 used it to place a second order for an additional
7 Category 3 source. In doing so, GAO effectively
8 demonstrated the ability to obtain an aggregated
9 Category 2 quantity of material, although at not point
10 in the investigation were radioactive materials
11 actually shipped to the fictitious company.

12 GAO published its final report for the
13 material licensing audit and investigation in July of
14 2016. In August of 2017 we plan to submit an notation
15 vote paper to the Commission with our recommendations.

16 It is also relevant to note that recently
17 we completed our comprehensive review of 10 CFR Part
18 37 which are the physical protection requirements for
19 Category 1 and 2 quantities of radioactive material.
20 That report, which is publicly available, was sent to
21 Congress in December of 2016, and the results of that
22 assessment will inform our evaluation of Category 3
23 source security and accountability, which is currently
24 underway.

25 That was a quick high-level overview of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 how we got here, and I've included some resources on
2 the slide if you want to delve further into the
3 background.

4 The specific tasks outlined in the SRM
5 that will be addressed in the notation vote paper are
6 as follows: an evaluation of the pros and cons of
7 different methods of verifying the validity of a
8 license prior to transfer; an evaluation of the pros
9 and cons of including Category 3 sources in the NSTS;
10 an assessment of any additional options for addressing
11 the source accountability recommendations made by GAO;
12 a vulnerability assessment which identifies changes in
13 the threat environment between 2009 and today that
14 argue in favor or against expansion of the National
15 Source Tracking System to include Category 3 sources;
16 a regulatory impact analysis of the accrued benefits
17 and costs of the change to include impacts to the NRC,
18 Agreement States, non-Agreement States, and regulated
19 entities; a discussion of potential regulatory actions
20 that would not require changes to our regulations, to
21 include changes to guidance, training, and other
22 program improvements; an assessment of the risks posed
23 by the aggregation of Category 3 sources into Category
24 2 quantities; collaboration with Agreement State
25 partners, non-Agreement States, regulated entities,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 public interest groups, industry groups, and the
2 reactor community to fully assess the regulatory
3 impact of any recommendations to be made in the
4 notation vote paper; and, lastly, any other factors to
5 help inform the Commission's decision.

6 For those unfamiliar with some of these
7 systems, let me provide a brief explanation of the
8 National Source Tracking System web-based licensing
9 system and the license verification system.

10 The National Source Tracking System, or
11 NSTS, was deployed in 2008 and is a web-based system
12 that accounts for high-risk radioactive sources from
13 the time they are manufactured or imported through the
14 time of their disposal or export, or until they decay
15 enough to be no longer of concern.

16 While NSTS provides a relatively up-to-
17 date accounting system regarding risk-significant
18 source inventories, it is important to note that it is
19 not a real-time tracking mechanism for sources.

20 Reporting to the NSTS is all after the
21 fact, and the requirements for what is required to be
22 reported can be found in 10 CFR 20.2207. These
23 requirements include reporting licensee information,
24 transaction date, source manufacturer, source model,
25 source serial number, radioactive material in the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 source, and source activity.

2 The typical methods for reporting to the
3 NSTS include direct reporting via online access,
4 emailing or faxing the Form 748, the National Source
5 Tracking Transaction Report, or providing an
6 electronic batch file to be uploaded directly to NSTS.

7 The web-based licensing system, or WBL,
8 was deployed in 2012 and is a licensing system that is
9 accessible through the internet. At this time WBL
10 access is limited only to regulators.

11 The objectives of WBL are to provide an
12 up-to-date repository of all risk-significant or
13 Category 1 and 2 licenses nationwide and to provide an
14 up-to-date repository of all licenses of NRC and three
15 Agreement States who have adopted the use of WBL.

16 Many states have expressed interest in
17 using WBL, and we are currently working with several
18 states towards full use of the system.

19 WBL is available to state agencies free of
20 charge, and their adoption of the system and built-in
21 process flows create more consistency in licensing for
22 the states that use it.

23 States not using WBL directly provide NRC
24 with their Category 1 and 2 licenses, as they are
25 issued or amended, to be uploaded in WBL by our

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 contractors. Having the most current Category 1 and
2 licenses in WBL is essential for the functionality
3 of the license verification system.

4 So the license verification system, or
5 LVS, was deployed in 2013 and is a web-based system
6 that enables authorized licensees to confirm that a
7 license is valid and accurate and that a licensee is
8 authorized to acquire quantities and types of
9 radioactive materials being requested.

10 The process to verify a license is as
11 follows: Step 1, an authorized customer requests a
12 Category 1 or Category 2 quantity of radioactive
13 material from an authorized supplier and provides a
14 copy of its license or specific license information
15 needed to query the license record through the License
16 Verification System.

17 Step 2, the authorized supplier submits
18 the issuing agency license number and either the
19 amendment number or the license issue date to LVS in
20 order to verify the official copy of the customer's
21 license.

22 Step 3, LVS queries WBL to obtain the
23 possession limit for Category 1 and 2 authorized
24 materials and a copy of the license image.

25 Step 4, WBL provides the license

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 information to LVS to compare the possession limits
2 and current NSTS inventory.

3 Step 5, LVS queries the NSTS and compares
4 the possession limit for Category 1 and 2 authorized
5 materials to the current NSTS inventory.

6 Step 6, if the customer is above its
7 possession limit in NSTS, LVS will display a message
8 for the supplier to contact the regulator.

9 Step 7, if no issues exist, LVS will
10 display the official license image obtained from WBL,
11 and the authorized supplier notes that the license
12 verification is complete in LVS.

13 Step 8, the supplier completes the
14 purchase order, and the material is transferred to the
15 customer.

16 Licensees opting not to have access to LVS
17 or those receiving a message by LVS to contact the
18 regulator must use the manual process to complete the
19 verification of a license. And that process is
20 facilitated by the transferring licensee contacting
21 our help desk by phone or email to provide the
22 necessary information to populate the NRC Form 749,
23 also known as the manual license verification report.

24 To get access to these systems, applicants
25 have to go through a credentialing process. So the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 credentialing process typically takes about a month to
2 complete and includes an employment verification step,
3 a determination that the person has a need to know,
4 and an identity proofing step to verify that the
5 person applying for the credential is who he or she
6 claims to be.

7 Once the credentialing process is
8 complete, the NRC issues an electronic credential
9 which allows the systems to uniquely identify each
10 user. The credentialing process is the same, so if a
11 user has access to one system, they do not have to go
12 through the full credentialing process again for the
13 second system. They simply can contact our help desk
14 to get access.

15 The credential used for NSTS and LVS is a
16 one-time password, which, in combination with a
17 personal identification number or PIN, will give them
18 access to the systems. A one-time password, or OTP,
19 is a password that is valid for only one log-in
20 session. Currently NRC offers three types of OTPs:
21 a card, a token, or a smartphone app. An OTP is
22 provided to a user free of charge, and no software
23 installation is necessary.

24 Some of the enhancements that are under
25 consideration for this re-evaluation are:

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 verification of Category 3 licenses through the LVS or
2 the regulatory authority, as is done with Category 1
3 and 2 licenses; inclusion of Category 3 sources in
4 NSTS, as is done with Category 1 and 2 sources; and
5 expanding physical security requirements to include
6 Category 3 quantities of radioactive material along
7 with Category 1 and 2 quantities of radioactive
8 material. These potential enhancements form the basis
9 for the questions in *Federal Register* notice that we
10 issued on the subject, published on January 9, 2017.

11 The FRN lists 22 questions that are
12 separated into sections based on the topics and
13 applicability to relevant stakeholders. These
14 include: general questions related to license
15 verification, general questions related to the NSTS,
16 specific questions for licensees related to license
17 verification, specific questions for licensees related
18 to NSTS, specific questions for Agreement States
19 related to license verification, specific questions
20 for Agreement States related to the NSTS and other
21 questions.

22 The NRC wants to clarify while the *Federal*
23 *Register* notice included questions directed towards
24 particular stakeholders, the NRC is actually looking
25 for comment and responses from all members of the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 public on all questions. The FRN grouped questions in
2 a particular fashion to facilitate from some
3 stakeholders that may wish to provide some input to
4 this activity but may have limited resources to do so,
5 but all members of the public are welcome to provide
6 their thoughts on any of the listed questions.

7 So before we move on to the comment
8 portion of this period, I did want to include a slide
9 to show the different thresholds for Category 1, 2,
10 and 3 quantities of radioactive material.

11 As you can see from the table, the
12 Category 3 threshold is greater than one-tenth of the
13 Category 2 threshold but less than the Category 2
14 threshold. Also of note is that the list of
15 radionuclides that are currently subject to physical
16 security requirements in 10 CFR Part 37 is different
17 than the list of radionuclides included in NSTS.

18 The four radionuclides highlighted in the
19 table are the radionuclides that are included in NSTS
20 but not subject to 10 CFR Part 37. The main reason
21 that these four radionuclides were included in NSTS is
22 because the Department of Energy likely possesses
23 these isotopes, and they do report to the National
24 Source Tracking System.

25 I will now turn the meeting back over to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 George, who will solicit comments from meeting
2 participants.

3 MR. SMITH: Thank you, Irene.

4 So before we move on to the comment
5 portion of the meeting, are there any questions on
6 Irene's slides?

7 (No response.)

8 MR. SMITH: Tyler, are there any
9 indications on the phone line that there are questions
10 on Irene's slides?

11 THE OPERATOR: I'm currently showing no
12 questions in queue.

13 MR. SMITH: Any indications on the web?

14 MS. EUSEBIO: No questions on the web.

15 MR. SMITH: Okay. We'll wait a couple of
16 seconds just to give you an opportunity to make any
17 comments on the web or if there are any additional
18 questions or comments on Irene's slides.

19 (No response.)

20 MR. SMITH: Okay. We will now transition
21 into the comment portion of the meeting. As a
22 reminder, we do not plan to provide specific responses
23 to stakeholder feedback during this meeting. We're
24 specifically seeking comments today. We will use
25 these comments to inform our evaluation and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 recommendation.

2 We will provide a document summarizing all
3 the comments we receive today, at other meetings and
4 written comments that will be part of the notation
5 vote paper to be submitted to the Commission in August
6 2017.

7 Please do not provide nonpublic official-
8 use-only safeguard and/or classified information
9 related to a specific facility, and as a reminder,
10 this meeting is being transcribed.

11 Before providing comments today, please
12 state your name and the name of the organization, if
13 any, that you are representing.

14 The first set of questions are general
15 questions related to the license verification.
16 Question 1: Should the current method for
17 verification of licenses prior to transferring
18 Category 3 quantities of radioactive material listed
19 in 10 CFR 30.41(d)(1) through (5), 10 CFR 40.51(d)(1)
20 through (5) and 10 CFR 70.42(d)(1) through (5) be
21 changed such that only the methods prescribed in 10
22 CFR 37.71 are allowed.

23 Tyler, do we have any indications of
24 questions on the phone line or comments?

25 THE OPERATOR: There are still no

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 questions or comments in queue.

2 MR. SMITH: Okay, great.

3 Any indications of questions or comments
4 on the webinar?

5 MS. EUSEBIO: No comments on the webinar.

6 MR. SMITH: Thank you very much.

7 Now, we have some of the same attendees
8 here at the second meeting as we had at the first, so
9 if you guys have any comments, just indicate and we'll
10 allow you to come up.

11 We'll give it a couple of second before we
12 move on to the second question.

13 Also, as you can see on the slide, we've
14 included a summary of the five methods of license
15 verification that are described in 10 CFR Part 30, 40
16 and 70.

17 We're going to move on to the second
18 question. Also, throughout the meeting today if you'd
19 like to revisit some of the questions that we've
20 already covered, we still welcome those comments via
21 the phone or the web, so throughout the meeting today
22 if you'd like to revisit previous questions, we still
23 would like those comments. Thank you.

24 So question number 2: Will there be an
25 increase in safety and/or security if the regulations

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 were changed to only allow license verification
2 through the NRC license verification system, or LVS,
3 or the transferee's license issuing authority for
4 transfers of Category 3 quantities of radioactive
5 material? If so, how much of an increase would there
6 be?

7 Any clarifying comments on this question?

8 MS. WU: No clarifying comments.

9 MR. SMITH: Okay. Thank you.

10 Tyler, are there any indications of
11 comments on the phone line?

12 THE OPERATOR: I still show no questions
13 or comments on the phones.

14 MR. SMITH: Great. Thank you.

15 Any comments on the web?

16 Ms. EUSEBIO: There was one from Jeff
17 Pettigrew. It seems like he didn't finish it.
18 Wouldn't the LVS prevented the -- and stopped. So if
19 you don't mind continuing your question, please. He
20 didn't finish his question.

21 MR. SMITH: Okay. What's his name again?

22 MS. EUSEBIO: Jeff Pettigrew.

23 MR. SMITH: Okay, Jeff, if you can
24 continue your question on the web, we'd welcome that
25 comment. And we'll give you a couple of seconds,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Jeff, for you to provide your comment on the web?

2 MS. EUSEBIO: I'm referencing the GAO
3 sting on Texas. Wouldn't the LVS prevented the sting?
4 And he's referencing the GAO sting on Texas.

5 MR. WHITE: Could you read the entire
6 question again, please?

7 MS. EUSEBIO: Wouldn't the LVS prevented
8 the sting? I'm referencing the GAO sting on Texas, et
9 cetera.

10 MR. WHITE: If Category 3 sources, we did
11 require LVS, it would have probably made it very
12 difficult to do it, be kind of impossible, but again,
13 we don't know for sure, bit it would have been a lot
14 more difficult.

15 MR. SMITH: Any additional comments on the
16 web?

17 MS. EUSEBIO: No additional comments on
18 the web.

19 MR. SMITH: Okay. Tyler, any indication
20 of comments on the phone line?

21 THE OPERATOR: I'm showing no comments or
22 questions in queue.

23 MR. SMITH: Okay. Also, if there is
24 anyone that has followup comments to the previous
25 comment, we welcome that feedback also. So if we move

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 on, we will address your comments. I'll give it a
2 couple of seconds.

3 (Pause.)

4 MR. SMITH: So question number 3: If the
5 NRC changed the regulations to limit license
6 verification only through the LVS for the transferee's
7 license issuing authority to transfer Category 3
8 quantities of radioactive material, should licensees
9 transferring Category 3 quantities to manufacturers
10 and distributors be excepted from the limitation?

11 Any clarifying comments?

12 MR. WHITE: This is Duncan White, and the
13 intent of this question was to really see if there was
14 any other options in addition to just strictly having
15 everybody that had Cat 3, both manufacturer and users
16 or some variation where the manufacturer would be more
17 responsibility to the end user. And again, to point
18 out here is quite often transfers between Category 3
19 sources between manufacturer and the end user more
20 often than not is a direct transfer back and for.
21 Category 3, a minority of the transfers, we believe,
22 is from licensee to licensee. That's kind of the
23 basis of our question.

24 MR. SMITH: Thank you.

25 Tyler, any indication of comments on the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 telephone?

2 THE OPERATOR: No questions in queue.

3 SPEAKER: Duncan, you might want to repeat
4 what you just said. I did not catch really much of
5 what was said. For some reason, there's a lot of
6 cutting out going on. Unfortunately, I know you guys
7 really worked hard to correct whatever phone issue was
8 happening, but I really didn't hear most of what
9 Duncan just said.

10 MR. WHITE: Can you hear me now okay?

11 MS. EUSEBIO: I can hear you now.

12 MR. WHITE: I had the microphone close
13 before, I guess something wasn't on. Sorry about
14 that.

15 Just to re-summarize, what I said was with
16 regard to transfer of Category 3 sources between
17 manufacturers and the end users, the licensees, unless
18 it's verification, is that most transfers we're aware
19 of for Category 3 are -- a majority of them, we
20 believe, are directly between the manufacturer and the
21 end user. A minority of them, we believe, is licensee
22 to licensee, not involving a manufacturer.

23 So what we were looking for here is there
24 another possible variation to having everyone follow
25 a system or is there some variation where we could

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 have a manufacturer take more of the burden of license
2 verification compared to the end user to make it
3 easier. So what we're looking for is input on that
4 variation. If anyone has any ideas or thoughts on
5 that, we would appreciate it.

6 Did you get all that?

7 SPEAKER: I got most of that.

8 MR. SMITH: Okay. Tyler, any indication
9 of comments on the telephone line?

10 THE OPERATOR: I'm currently showing no
11 questions or comments in queue.

12 MR. SMITH: Any comments on the web?

13 MS. EUSEBIO: Jeff Pettigrew said the
14 audio on the telephone is extremely poor for speakers.

15 MR. SMITH: Okay. So what we'll do, we'll
16 repeat any comments on the telephone line at this
17 time, and we'll try to rectify that problem.

18 So we'll go to question number 4: Is
19 there anything else we should consider when evaluating
20 methods of license verification prior to transfer of
21 Category 3 quantities of radioactive material?

22 Tyler, are there any indications of
23 comments on the telephone line?

24 THE OPERATOR: I'm still showing no
25 questions or comments in queue.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 MR. SMITH: Okay. Thank you.

2 Any comments on the web?

3 MS. EUSEBIO: No comments on the web.

4 MR. SMITH: Okay. Thank you.

5 And again, I'd like to emphasize the fact
6 that if you want to revisit any questions or comments
7 that were previously covered, we welcome any
8 additional feedback from any of the stakeholders. So
9 thank you very much.

10 Also, I'd like to remind everyone that
11 today's meeting is being transcribed.

12 Not hearing any comments, we're going to
13 move on to general questions related to the NSTS.

14 So question 1: Should Category 3 sources
15 be included in the NSTS? Please provide a rationale
16 for your answers.

17 Any clarifying comments?

18 MS. WU: No clarifying comments.

19 MR. SMITH: Great. Thank you.

20 So will give a second to give folks an
21 opportunity to gather their thoughts, and hopefully we
22 can provide some comments.

23 Tyler, any indication of comments on the
24 telephone line?

25 THE OPERATOR: I'm still showing no

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 questions or comments in queue.

2 MR. SMITH: Great. Thank you.

3 Any comments on the web?

4 MS. EUSEBIO: No comments on the web.

5 MR. SMITH: Thank you.

6 So this question is a really good
7 question. Any clarification as far as including
8 Category 3 in NSTS?

9 MS. WU: This is Irene Wu, NRC.

10 So in previous public meetings and
11 webinars, the majority of feedback we received on this
12 question was not in support of including Category 3
13 sources in NSTS.

14 MR. SMITH: Okay. Thank you.

15 So Tyler, any additional comments on the
16 telephone line?

17 THE OPERATOR: There is none in queue at
18 this time.

19 MR. SMITH: Okay. Thank you.

20 Any additional comments on the web?

21 MS. EUSEBIO: Jeff Pettigrew: If Cat 3
22 sources were to be included, then would Cat 4 sources
23 be the next step?

24 MR. WHITE: This is Duncan White with NRC.

25 Currently the working groups are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 evaluating including Category 3 in NSTS, not Category
2 4.

3 MR. SMITH: Great. Thank you. And thank
4 you for the comment.

5 We'll give it a couple of seconds and
6 hopefully we'll get some more comments.

7 (Pause.)

8 MR. SMITH: Not hearing any indications of
9 comments on question 1, we'll go to question number 2.

10 If Category 3 sources are included in the
11 NSTS, should the NRC consider imposing the same
12 reporting requirements currently required for Category
13 1 and 2 sources?

14 And those reporting requirements are in 10
15 CFR 20.2207(f). And as you can see on the slide,
16 we've included a summary of NSTS reporting
17 requirements in 10 CFR 20.2207(f) which was mentioned
18 on the earlier NSTS slide.

19 MR. SMITH: Tyler, any indications of
20 comments on the phone line?

21 THE OPERATOR: We currently have no
22 questions or comments in queue.

23 MR. SMITH: Okay, great.

24 MR. SMITH: Also, Tyler, are you having
25 any issues of hearing us here in the room?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 THE OPERATOR: Not at this time; you sound
2 fine.

3 MR. SMITH: Okay, great. Thank you.

4 Any additional comments on the web?

5 MS. EUSEBIO: No comments on the web.

6 MR. SMITH: Okay. Thanks.

7 So not hearing any comments, we're going
8 to move on to question 3. Question 3: Should the NRC
9 consider alternatives to current NSTS reporting
10 requirements for Category 1 and 2 sources to increase
11 the immediacy of information availability, such as
12 requiring a source transfer to be reported prior to or
13 on the same day as the source shipment day?

14 Any clarifying comments?

15 MR. WHITE: For Category 1 and 2, the
16 requirement currently is that they have to report it
17 to NSTS by the end of the next business day. The way
18 the question is posed is it would be to require that
19 to be done in a more expedient fashion.

20 MR. SMITH: Thank you very much. And that
21 was Duncan White of the NRC.

22 Tyler, are there any indications of
23 comments on the telephone line?

24 THE OPERATOR: There are currently none in
25 queue.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 MR. SMITH: Great. Thank you very much.
2 Any indications of comments on the web?

3 MS. EUSEBIO: No comments on the web.

4 MR. SMITH: Great. Thank you.

5 Again, we know our folks here in the room
6 you were here the last meeting, but again, just
7 indicate if you have any comments.

8 (No response.)

9 MR. SMITH: Not hearing any comments,
10 we're going to move to question number 4.

11 And again, if you'd like to revisit any of
12 the previous questions or comments that were made
13 during the meeting, we welcome your feedback at any
14 time during this meeting.

15 Question 4: Would there be an increase in
16 safety and/or security if the regulations were changed
17 to include Category 3 sources in the NSTS? If so, how
18 much of an increase would there be?

19 So we have a comment on the web?

20 MS. EUSEBIO: Jeff Pettigrew: Does NRC
21 currently have proper funding to audit within 24 hours
22 the transfer of Cat 1 or Cat 2 sources? If not, what
23 is the purpose of needing this information if it can't
24 be acted upon?

25 MR. WHITE: This is Duncan White from the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 NRC.

2 If such a requirement was proposed and
3 approved by the Commission, one part of that analysis
4 would ensure that the staff and the contractors would
5 be able to track this and actually verify it within
6 the prescribed period of time. Again, that would be
7 part of the cost-benefit analysis of the evaluation.
8 So we would have to propose something, we would have
9 be able to follow through on it.

10 MR. SMITH: Great. Thank you.

11 And if there's additional comments you'd
12 like to make on that on the web, please do. We'd like
13 to hear any kind of followup feedback on Duncan's
14 answer to your question.

15 Tyler, are there any comments on the
16 telephone line?

17 THE OPERATOR: Still show no questions or
18 comments in queue.

19 MR. SMITH: Great. Thank you.

20 We'll give it a couple of seconds.

21 (Pause.)

22 MR. SMITH: Not hearing any comments,
23 we're going to go to question number 5: Is there
24 anything else we should consider as part of our
25 evaluation of including Category 3 sources in the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 NSTS?

2 Tyler, any indications of comments on the
3 telephone line?

4 THE OPERATOR: I'm currently showing no
5 questions in queue.

6 MR. SMITH: Okay. Thank you.

7 Any indications of questions on the web?

8 MS. EUSEBIO: No questions or comments on
9 the web.

10 MR. SMITH: Thank you.

11 We'll give it a couple of seconds just in
12 case there are some comments that you'd like

13 (Pause.)

14 MR. SMITH: Okay. Not hearing any
15 comments, we're going to go to slide 19, question 1.

16 So the next set of questions are related
17 to license verification, and per the FRN, these are
18 specific questions for licensees related to license
19 verification, however, we welcome all stakeholders'
20 comments. We like to hear all perspectives as they
21 relate to these questions, so please provide your
22 comments regardless if you're a licensee or not.

23 So question 1: It currently takes
24 approximately one month to get credentialed to access
25 the LVS. If you currently do not have online access

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 to LVS and NRC establishes new requirements for
2 license verification involving Category 3 quantities
3 of radioactive material, would you be inclined to sign
4 up for online access, or would you use alternative
5 methods for license verification such emailing the NRC
6 Form 749 which is the Manual License Verification
7 Report to the LVS Help Desk or calling the license-
8 issuing regulatory authority directly?

9 Again, we'd like to hear comments from all
10 stakeholders related to this question.

11 Tyler, are there any indications of
12 comments on the telephone line?

13 THE OPERATOR: I'm currently showing no
14 one in queue.

15 MR. SMITH: Are there any clarifying
16 comments on this, Irene or Duncan?

17 MR. WHITE: One of the things that we
18 recognize for adding Category 3 to LVS is there are a
19 number of licensees who have no experience with LVS.
20 The reason for the question is to gauge whether
21 they're inclined to do it electronically or do it
22 manually just to get an idea how they would approach
23 it. We recognize some licensees that have Category 1
24 and 2 and Category 3, they would probably just
25 continue what they're doing, but the people starting

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 from scratch, just trying to get an idea of how they
2 would approach it

3 MR. SMITH: Great. Thank you.

4 There's an indication of a comment on the
5 web?

6 MS. EUSEBIO: From Jeff Pettigrew: How is
7 the NSTS system secured from hacking considering what
8 happened to the OPM? Having all the data in one place
9 makes NSTS a more desirable target to bad actors.

10 MS. WU: This is Irene Wu, NRC.

11 So NSTS is currently designed with a lot
12 of redundancy and servers in multiple places so that
13 if it fails in one area, it will fail over to another
14 and we're able to keep the system up and running with
15 very little interruption. Periodically, we also do a
16 security categorization and make sure that everything
17 is still in check. And so we feel that the system is
18 very secure as it is right now and currently holds
19 about 1,400 licenses and about 75- to 80,00 sources in
20 the National Source Tracking System and it has the
21 capability of holding much more than that and handle
22 the additional transactions.

23 MR. SMITH: Irene, thank you very much.

24 And Jeff, if there's any followup feedback
25 or comments you'd like to make, please do, and we'll

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 definitely entertain those comments.

2 MS. WU: This is Irene Wu with the NRC.

3 I'll also add that, as I mentioned
4 earlier, there is a pretty extensive credentialing
5 process to get access to the National Source Tracking
6 System, so that also does limit that only people who
7 have a need to know and have gone through that
8 credentialing process have access.

9 MR. SMITH: And then also, there are
10 security requirements for the computer system itself.

11 MS. WU: That's correct, George. This is
12 Irene Wu with the NRC. There are security
13 requirements and rules of behavior for using NSTS.

14 MR. SMITH: Great. Thank you.

15 Tyler, are there any indications of
16 comments on the phone line?

17 THE OPERATOR: I'm currently showing no
18 one in queue at this time.

19 MR. SMITH: Okay. Any additional comments
20 on the web?

21 MS. EUSEBIO: No comments on the web.

22 MR. SMITH: Okay. Thank you.

23 So we'll go to question 2 on slide 20:
24 Approximately how many transfers involving Category 3
25 quantities of radioactive material do you do monthly?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 What percentage involves transfers directly to or from
2 a manufacturer?

3 Again, per the FRN, this was a specific
4 question for licensees related to license
5 verification, however, we welcome any comment from any
6 stakeholder. And also, I'd like to extend that to if
7 you provide comments via the web or mail to the NRC,
8 those mediums also we're soliciting comments from all
9 stakeholders.

10 So Tyler, are there any indications of
11 comments on the telephone line?

12 THE OPERATOR: There's currently no one in
13 queue.

14 MR. SMITH: Any indications of comments on
15 the web?

16 MS. EUSEBIO: No comments on the web.

17 And again, if we've covered questions or
18 if you've heard comments that you'd like to make
19 comments on or revisit, we welcome those comments at
20 any time.

21 Not hearing any comments, we're going to
22 go to question number 3: Should license verification
23 be required when transferring to any established
24 manufacturer?

25 Any clarifying remarks on this?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 MR. WHITE: This is Duncan White of the
2 NRC.

3 We recognize for Category 3 sources there
4 are cases where there is routine exchanges of sources
5 between the end user and the manufacturer, and once
6 there's an established relationship there, we're
7 asking does the end user have to repeatedly verify if
8 they knew they're going to send it back to the exact
9 same people over and over again.

10 MR. SMITH: Great. Thank you.

11 Tyler, any indications of comments on the
12 phone line?

13 THE OPERATOR: No questions or comments
14 from the phone line.

15 MR. SMITH: Great. Thanks.

16 Any indications of comments on the
17 webinar?

18 MS. EUSEBIO: No comments on the webinar.

19 MR. SMITH: Okay. We'll give it a couple
20 of seconds and then we'll move on.

21 Again, we really appreciate your comments
22 and thank your for participating in the webinar and
23 the meeting today. As a reminder, this meeting is
24 being transcribed so we can accurately capture your
25 comments.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 So question 4: Do you have online access
2 to LVS? If so, have you experienced any issues with
3 LVS, do you have any recommendations on how to improve
4 LVS?

5 Tyler, any indications on comments on the
6 phone line?

7 THE OPERATOR: No questions or comments on
8 the phone line.

9 MR. SMITH: Okay. Linda, any indications
10 of comments on the web?

11 MS. EUSEBIO: No comments on the webinar.

12 MR. SMITH: Great. Thank you very much.
13 We'll give it a couple of seconds.

14 (Pause.)

15 MR. SMITH: Okay. We'll go on to slide
16 21, and these are specific questions for licensees
17 related to NSTS. Again, we'd like to emphasize the
18 fact that we welcome all comments from all
19 stakeholders.

20 So question 1: It currently takes
21 approximately one month to get credentialed to access
22 NSTS. If you currently do not have online access to
23 NSTS and NRC establishes new requirements for tracking
24 Category 3 sources in the NSTS, would you be inclined
25 to sign up for online access or would you use

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 alternative methods for NSTS reporting, such as
2 emailing or faxing the NRC Form 748, which is the
3 National Source Tracking Transaction Report to the
4 NSTS Help Desk?

5 Any clarifying comments?

6 MS. WU: This is Irene Wu, NRC.

7 So this question is really trying to get
8 at whether if people have a lot of transactions that
9 would need to be reported to the NSTS, and those types
10 of transactions, as I stated before, would be
11 manufacturing of the sources, importing the sources,
12 transferring/receiving sources, exporting them,
13 disassembling or disposing of, if you do a large
14 number of those transactions, a lot of times we'll see
15 those folks are the ones who will be more inclined to
16 sign up for online access. Folks who don't have as
17 many transactions, maybe they only change out sources
18 a few times a year, we have found, at least for
19 Category 1 and 2 sources, that they're more inclined
20 to just do the emailing or faxing methods because they
21 are reluctant to have to memorize yet another
22 password.

23 MR. SMITH: Thank you very much, Irene.

24 Tyler, any indications of comments on the
25 phone line?

1 THE OPERATOR: No questions or comments on
2 the phone lines.

3 MR. SMITH: Great. Thank you.

4 Linda, any indications of comments on the
5 web?

6 MS. EUSEBIO: One question from Jeff
7 Pettigrew: Would LVS be available for export
8 licensing under Part 110?

9 MR. WHITE: This is Duncan White.

10 I believe that LVS is not used for export
11 at this time. The process for getting an export
12 license is they have a separate way of handling that
13 that involves foreign country state departments, so
14 they have a different way of handling it.

15 MR. SMITH: Great. Thank you.

16 And Jeff, if you have any followup
17 comments, we welcome those comments via the web.

18 We're going to move on to question number
19 2, and again, I'd like to emphasize the fact that if
20 you want to revisit any questions or you have comments
21 on previous comments, please provide them via the
22 phone or the web.

23 Question 2: Do you have online access to
24 the NSTS? If so, have you experienced any issues with
25 the NSTS? Do you have any recommendations on how to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 improve the NSTS?

2 Tyler, any indications of comments on the
3 phone line?

4 THE OPERATOR: No questions or comments
5 from the phones.

6 MR. SMITH: Great. Thank you.

7 Linda, any indications of comments on the
8 web?

9 MS. EUSEBIO: No comments on the web.

10 MR. SMITH: Okay. We'll give it a couple
11 of seconds.

12 (Pause.)

13 MR. SMITH: Okay. Slide 22, these are
14 specific questions for Agreement States related to
15 license verification, and this is per the FRN. And
16 again, we'd like to emphasize the fact that we'd like
17 to have all stakeholder comments regardless if you're
18 an Agreement State regulator. We would like to get
19 all stakeholders' perspectives as relates to the
20 following question.

21 Question 1: Approximately how many
22 licenses do you authorize for Category 1, 2 and 3
23 quantities of radioactive material?

24 Tyler, any indications of comments on the
25 phone line?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 THE OPERATOR: No questions or comments on
2 the phone.

3 MR. SMITH: Okay. Linda, any indications
4 of comments on the web?

5 MS. EUSEBIO: No comments on the web.

6 MR. SMITH: Great. Thank you very much.

7 We'll go to question number 2: If license
8 verification for the LVS or the transferee's license
9 issuing authority is required for transfers involving
10 Category 3 quantities of radioactive material, would
11 you encourage the use of LVS among your licensees, or
12 plan for the additional burden imposed by the manual
13 license verification process?

14 Tyler, any indications of comments on the
15 telephone line?

16 THE OPERATOR: No questions or comments on
17 the phone lines.

18 MR. SMITH: Linda, any indications of
19 comments on the web?

20 MS. EUSEBIO: No comments on the web.

21 MR. SMITH: Okay. We'll give it a couple
22 of seconds.

23 (Pause.)

24 MR. SMITH: We'll move on to slide 23.
25 These are specific questions for Agreement States

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 related to license verification. But again, we'd like
2 to emphasize that we'd like to have all stakeholders'
3 perspective, so please provide your comments,
4 regardless if you are a representative from an
5 Agreement State.

6 So question 3: If license verification
7 through the LVS or the transferee's license issuing
8 authority is required for transfers involving Category
9 3 quantities of radioactive material, would you
10 consider adopting the web-based licensing system, WBL,
11 to ensure that the most up-to-date licenses are
12 available for license verification using the LVS or
13 voluntarily provide your Category 3 licenses (similar
14 to what some Agreement States do now for Category 1
15 and 2 licenses) to be included in WBL, or would you do
16 neither and prefer licensees to use the manual license
17 verification process?

18 Any clarifying remarks?

19 MR. WHITE: This is Duncan White from the
20 NRC.

21 Again, what we recognize here is the
22 potential additional burden that if we add Category 3
23 quantities that had to be verified by the Agreement
24 State, would it be easier to just adopt WBL or would
25 they bite the bullet and do manual verification?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Again, I should point out that for Agreement States
2 who adopt WBL, it requires them to interface with
3 their computer systems, and again, Agreement States,
4 for a variety of reasons, may or may not be able to
5 use WBL. That may have nothing to do with their
6 desire to use it but it may be they have internal
7 requirements to use a certain system or their system
8 and their firewall may not interact well with the NRC
9 system. Again, there's various reasons for that.

10 But again, what we're getting at for this
11 particular question is the potential increased burden
12 for doing Category 3, would that push you to adopt WBL
13 or not.

14 MR. SMITH: Great. Thank you.

15 Tyler, any indications of comments on the
16 telephone line?

17 THE OPERATOR: No questions or comments
18 from the phones.

19 MR. SMITH: Great. Thank you.

20 Linda, any comments on the webinar?

21 MS. EUSEBIO: No comments on the webinar.

22 MR. SMITH: Okay. Thank you very much.

23 We'll give it a couple of seconds before
24 we go to the next question.

25 (Pause.)

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 MR. SMITH: Okay. Not hearing any
2 comments, we're going to move on to question number 4:
3 What would the impact in time and resources be on your
4 program to handle the additional regulatory oversight
5 needed for Category 3 licensees if license
6 verification through the LVS or the transferee's
7 license issuing authority was required for transfers
8 involving Category 3 quantities of radioactive
9 material?

10 Again, we welcome all stakeholders' input
11 on this question. We would like to receive your
12 feedback regardless if you are representing an
13 Agreement State or not.

14 MR. WHITE: This is Duncan White.

15 Some of the feedback we've received at
16 other webinars and public meetings from both Agreement
17 States and licensees, they both indicated there would
18 be an increase burden for that. Particularly, a
19 couple of licensees indicated that in their experience
20 with their Agreement State, it would be a challenge
21 because of the resource -- the lack of sufficient
22 personnel on their staff to do what they need to do
23 now and this would increase burden. So again, looking
24 for any sort of feedback from anybody on their
25 experiences as an Agreement State regulator or member

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 of the public or licensee on how they would view that.

2 MR. SMITH: Great. Thank you very much,
3 Duncan.

4 Any comments on the telephone line, Tyler?

5 THE OPERATOR: No questions or comments
6 from the phone lines.

7 MR. SMITH: Great.

8 Linda, any comments on the web?

9 MS. EUSEBIO: One comment from Jeff
10 Pettigrew: Would NSTS source tracking be required
11 when dispatching to temporary job sites, such as in
12 well logging and radiography?

13 MS. WU: This is Irene Wu, NRC.

14 So we issued a regulatory issue summary on
15 the topic of temporary job sites and reporting to the
16 National Source Tracking System in the last several
17 years, and the guidance that's in that RIS basically
18 states that for Category 1 and 2 sources right now
19 that most transactions involving temporary job sites
20 do not have to be reported to NSTS. Specific cases
21 where reporting is necessary would be in the instance
22 where a manufacturer is sending a source directly to
23 a licensee at a temporary job site, or vice versa, the
24 licensee is sending the source back from a temporary
25 job site directly to the manufacturer.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 So if we were to expand the NSTS to
2 include Category 3 sources, that same guidance would
3 likely apply, but again, we're still early in the
4 process and welcome your feedback.

5 MR. WHITE: This is Duncan White.

6 I'd like to add to what Irene said, again,
7 this is all predicated on the fact that we would limit
8 the NSTS exactly as we do for Category 1 as we do for
9 Category 3, and again, any changes to NSTS to add
10 Category 3 requires rulemaking, Commission approval,
11 and that may change how things are done. Again, that
12 would have to be looked at when we get to that point.

13 MR. SMITH: Great. Thank you.

14 Tyler, any additional comments on the
15 telephone line?

16 THE OPERATOR: No questions or comments
17 from the phones.

18 MR. SMITH: Okay. Any followup comments
19 on the web?

20 MS. EUSEBIO: No comments on the web.

21 MR. SMITH: Okay. Jeff, also, if you'd
22 like to make additional followup comments, we would
23 welcome those comments.

24 Anyone else on the telephone line or the
25 web, we welcome your comments also. Again, we'd like

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 to get feedback from all stakeholders.

2 Not hearing any comments at this time,
3 we're going to move on to question 1 on slide 25. So
4 again, these are specific questions per the FRN for
5 Agreement States related to the NSTS, and again, we
6 continue to solicit comments from all stakeholders
7 regardless if you're a representative from an
8 Agreement State or not. So we would like your
9 perspective on these questions also. We welcome any
10 comment from any stakeholder.

11 So question 1: The NRC currently
12 administers the annual inventory reconciliation
13 process on behalf of the Agreement States. This
14 process involves providing hard copy inventories to
15 every licensee that possesses nationally tracked
16 sources at the end of the year, processing corrections
17 to inventories, and processing confirmations of
18 completion of the reconciliation into the NSTS. The
19 process involves a significant amount of staff time
20 and resources from November to February. If the
21 Agreement States were to adopt administration of the
22 annual inventory reconciliation process, and if
23 Category 3 sources were included in the NSTS, what
24 would the additional regulatory burden be on the
25 Agreement States to perform the annual inventory

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 reconciliation for Category 1, 2 and 3 sources?

2 Any clarifying comments on this question?

3 MR. WHITE: No.

4 MR. SMITH: Great. Thanks.

5 Tyler, any indications of comments on the
6 phone line?

7 THE OPERATOR: No questions or comments
8 from the phone lines.

9 MR. SMITH: Great. Thanks.

10 Linda, any indications of comments on the
11 web?

12 MS. EUSEBIO: No comments on the webinar.

13 MR. SMITH: Okay. Thank you very much.

14 We'll stand by for a couple of seconds
15 just to give stakeholders an opportunity to provide
16 comments.

17 (Pause.)

18 MR. SMITH: So again, I'd like to
19 emphasize the fact that we welcome all comments,
20 regardless if we've already covered some of the
21 questions. We think this is a very important subject
22 and we welcome comments from all stakeholders.

23 Okay. Not hearing any additional
24 comments, we're going to go to slide 26. These are
25 the last set of questions for our meeting today, and

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 again, we can revisit any comments or questions that
2 we have presented today in the meeting.

3 So question 1: Should physical security
4 requirements for Category 1 and 2 quantities of
5 radioactive material be expanded to include Category
6 3 quantities?

7 Tyler, any comments on the telephone line?

8 THE OPERATOR: No questions or comments on
9 the phone lines.

10 MR. SMITH: Any clarifying comments here
11 in the room?

12 MR. WHITE: This is Duncan White from NRC.

13 The feedback we've heard from participants
14 at webinars and public meetings so far has been pretty
15 universal and they do not think it's appropriate to
16 expand Part 37 requirements for Category 1 and 2 to
17 Category 3 quantities of material.

18 MR. SMITH: Okay, great. Thank you very
19 much.

20 Tyler, any additional comments on the
21 telephone line?

22 THE OPERATOR: No additional comments from
23 the phone lines.

24 MR. SMITH: Any additional comments on the
25 webinar?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 MS. EUSEBIO: No comments on the webinar.

2 MR. SMITH: Okay. So we'll move on to
3 question number 2: Some Category 3 sources are
4 covered under a general license (10 CFR 31.5). Should
5 the NRC consider establishing maximum quantities in
6 general licensed devices, thereby reserving
7 authorization to possess Category 1, 2 and 3
8 quantities of radioactive material to specific
9 licensees?

10 Tyler, any comments or questions on the
11 phone line?

12 THE OPERATOR: No comments from the phone
13 lines.

14 MR. SMITH: Okay, great. Thank you very
15 much.

16 Any comments, Linda, on the webinar?

17 MS. EUSEBIO: No comments on the webinar.

18 MR. SMITH: Okay. Thank you.

19 We'll give it a couple of seconds.

20 (Pause.)

21 MR. SMITH: Okay. So before we close out
22 the comment portion of this meeting, I wanted to open
23 up the floor for any final thoughts or comments on any
24 aspects of this evaluation. Does anyone have any
25 final thoughts or additional comments they'd like to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 make?

2 (No response.)

3 MR. SMITH: Tyler, any additional comments
4 on the telephone line?

5 THE OPERATOR: I have no questions or
6 comments from the phone lines.

7 MR. SMITH: Linda, any additional comments
8 on the webinar?

9 MS. EUSEBIO: No comments on the webinar.

10 MR. SMITH: Okay. Since those are the
11 last comments, I'll give it about a minute to allow
12 those who may have some additional comments from
13 previous questions or comments to provide those
14 comments at this time.

15 We'd also like to remind you that you can
16 provide your comments, if you don't have an
17 opportunity to provide those comments today, you can
18 provide those comments via the web or mail your
19 comments to the NRC. The closeout date of the *Federal*
20 *Register* notice is March 10, 2017.

21 Okay. There is an indication of a comment
22 or question on the web.

23 MS. EUSEBIO: Question from Jeff
24 Pettigrew: Would an oilfield yard with pumping units,
25 each having a GLD slurry gauge attached, be subject to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 the aggregation rule when each gauge is secured to
2 each truck?

3 MR. WHITE: Thank you for the comment.
4 The current requirement for generally licensed
5 devices, they are exempt from most requirements in the
6 regulation. There's very few things that they are
7 required to do. The reason we asked this question as
8 it applies to Category 3 is to get feedback from the
9 licensees, the public and the states on what would we
10 do with Category 3 generally licensed devices.

11 Again, a Category 3 generally licensed
12 device is the same thing as a Category 3 specifically
13 licensed device from a risk and a radiation hazard
14 standpoint, and what we're trying to see is are there
15 any changes needed to be made to enhance the security
16 or safety of them. And again, we appreciate the
17 comment that Mr. Pettigrew made because it's something
18 we have to consider when we are looking at how do we
19 handle these types of sources.

20 Again, generally licensed devices are
21 inherently safe, but again, they don't have many
22 requirements, and one of the things we may have to
23 consider is should we enhance those requirements,
24 maybe not make it specifically licensed but maybe
25 enhance the requirements of that service.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Appreciate the example he gave because it
2 was very helpful.

3 MR. SMITH: Great. Thank you.

4 And also, Jeff, we're going to give a
5 couple of seconds just to make sure if you have any
6 followup comments, we welcome those comments.

7 And if there's anyone else out there on
8 the telephone line or the webinar who would like to
9 make additional comments, we'd welcome those comments
10 at this time.

11 (Pause.)

12 MR. SMITH: Okay. Thank you very much.
13 We really appreciate all the comments and questions
14 that we received today.

15 So the NRC will hold one additional
16 webinar on Category 3 Source Security and
17 Accountability during the public comment period for
18 this effort. The webinar is scheduled for Thursday,
19 March 2, from 1:00 to 4:00 p.m. Eastern Standard Time.
20 The webinar is noticed on the public meeting website
21 link from our website, so if you would like to
22 register, please use the link from the meeting notice.

23 Finally, we'd like to remind you that the
24 public comment period for the FRN that provides these
25 questions closes on March 10, 2017. We encourage your

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 response to the FRN and appreciate your participation
2 in today's meeting.

3 So a copy of the slides used in today's
4 meeting will be made available on the Category 3 web
5 page located on the NRC's website under Radioactive
6 Materials Security, and that's under
7 [www.NRC.gov/security/byproduct/category-3-source-](http://www.NRC.gov/security/byproduct/category-3-source-security-accountability-re-evaluation.html)
8 [security-accountability-re-evaluation.html](http://www.NRC.gov/security/byproduct/category-3-source-security-accountability-re-evaluation.html).

9 If you have any additional questions
10 related to this meeting or to Category 3 source
11 security and accountability re-evaluation, please
12 contact either Duncan White, and Duncan can be reached
13 via email duncan.whit@nrc.gov, and his work number is
14 301-415-2958, or Irene Wu, and Irene can be reached at
15 irene.wu@nrc.gov, or via phone 301-415-1951.

16 Thank you very much for participating in
17 today's meeting.

18 (Whereupon, at 7:18 p.m., the meeting was
19 concluded.)

20

21

22

23

24

25