

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

Title: **BRIEFING ON STATUS OF NRR PROGRAMS,
PERFORMANCE, AND PLANS
PUBLIC MEETING**

Location: **Rockville, Maryland**

Date: **Wednesday, January 12, 2000**

Pages: **1 - 82**

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1 UNITED STATES OF AMERICA
2 NUCLEAR REGULATORY COMMISSION
3 OFFICE OF THE SECRETARY

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5 BRIEFING ON
6 STATUS OF NRR PROGRAMS, PERFORMANCE, AND PLANS

7 ***

8 PUBLIC MEETING

9
10 Nuclear Regulatory Commission
11 One White Flint North
12 Rockville, Maryland
13 Wednesday, January 12, 2000

14
15 The Commission met in open session, pursuant to
16 notice, at 10:00 a.m., Richard A. Meserve, Chairman,
17 presiding.

18
19 COMMISSIONERS PRESENT:

20 RICHARD A. MESERVE, Chairman of the Commission

21 GRETA J. DICUS, Commissioner

22 NILS J. DIAZ, Commissioner

23 EDWARD McGAFFIGAN, JR., Commissioner

24 JEFFREY S. MERRIFIELD, Commissioner

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1 STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE:

2 ANNETTE L. VIETTI-COOK, Secretary of the Commission

3 KAREN D. CYR, General Counsel

4 WILLIAM TRAVERS, EDO

5 SAMUEL COLLINS, Director, NRR

6 ROY ZIMMERMAN, Deputy Director, NRR

7 JACKIE SILBER, Director, Program Management, Policy

8 Development, and Analysis Staff, NRR

9 BRIAN SHERON, Associate Director for Project Licensing

10 and Technical Analysis, NRR

11 JON JOHNSON, Associate Director for Inspection and

12 Programs, NRR

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P R O C E E D I N G S

[10:00 a.m]

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3 CHAIRMAN MESERVE: Good morning. I would like to
4 welcome you all to a public meeting on the status of the
5 Office of Nuclear Reactor Regulation (NRR) programs,
6 performance, and plans. We are very interested in having
7 this discussion because NRR, of course, is one of the more
8 significant components of the Commission and it has had the
9 challenge of confronting a very difficult world.

10 On the substantive side, it has had to deal with
11 the reality that the substance of its work is changing. As
12 the people on the other side of the table know far better
13 than I, the Commission is in the midst of very significant
14 efforts to allow risk to illuminate to a greater degree in
15 the past our entire regulatory program. That has required
16 very deep and difficult thinking about our regulatory
17 program, and NRR has been leading the charge in that area
18 with the assistance of the Research group.

19 They also have the challenge of dealing with the
20 fact that the processes by which we undertake our decision
21 making has been changing. As a result of the Government
22 Performance and Results Act of 1993 there is increased focus
23 on performance and results and regulatory activities and
24 requirement for systematic thinking about how you conduct
25 the management of activities. NRR has also been very

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1 aggressive in approaching that activity.

2 So we are very much interested in the discussion
3 of the programs. We recognize the challenges that are in
4 front of you, and I'm sure this will be a very illuminating
5 briefing.

6 Before we commence, however, let me ask if any of
7 my fellow Commissioners would like to make an opening
8 statement.

9 If not, why don't we proceed.

10 MR. TRAVERS: Thank you, Mr. Chairman, and good
11 morning. As you have indicated, we are very much in the
12 midst of a dynamic period in assessing reactor regulation.
13 Leading the charge, as you put it, has been the Office of
14 Nuclear Reactor Regulation. They have been in the midst of
15 piloting a number of very important initiatives. They were
16 the first to enter into the PBPM process that we had a
17 chance last May to brief the Commission on. As a result of
18 that meeting, the Commission asked that we provide
19 periodically an assessment of each of the major office
20 programs, and certainly that is why we are here today.

21 Joining me at the table is the right team to do
22 that. Sam Collins, the director of the Office of Nuclear
23 Reactor Regulation, and his deputy, Roy Zimmerman; On Roy's
24 left is Brian Sheron, the associate director for project
25 licensing and technical analysis; Jackie Silber, who is the

1 director of program management, policy development, and
2 analysis staff; and Jon Johnson, who has recently joined us
3 from Region II, is now the associate director for inspection
4 programs.

5 We are interested in consideration of reactor
6 programs as an arena in our budget strategy. We have with
7 us today other office stakeholders from both NMSS and
8 Research. Frank Miraglia, who is the reactor arena manager,
9 is also here. To the extent you have any questions for
10 those folks as we go through, we will be glad to try to
11 answer those.

12 Let me turn it over to Sam Collins.

13 MR. COLLINS: Good morning. I look forward in the
14 next hour and a half to providing an overview of the NRR
15 program focusing predominately on the performance in fiscal
16 year 1999 as well as looking forward to our goals and
17 expectations for fiscal year 2000.

18 Represented within the inner ring in addition to
19 those individuals that Bill introduced we have various
20 internal and external stakeholders.

21 Bill Kane, representing NMSS, is one of our
22 primary stakeholders in the arena sense. We support Bill in
23 decommissioning and in waste.

24 Margaret Federline, representing Research today.
25 Research is a vital component for NRR's success,

1 particularly in confirmatory research. It has been
2 important in many of our development programs and our
3 internal initiatives, and we will review a number of those
4 today.

5 Internally, we have Rich Barrett, Gary Holahan,
6 John Zwolinski, Bruce Boger, Scott, and Frank Miraglia.
7 Frank is the arena manager for the reactor arena. So he has
8 that program and he is representing that program today.

9 We will go through a series of slides that you
10 have before you. We have also presented an organization
11 chart so that you will understand where the work is located
12 within our organization.

13 We hope by the end of the presentation to impart
14 not only those product lines that we have chosen to discuss.
15 There are numerous product lines. We have 40 planned
16 accomplishments under 22 planned activities, including seven
17 new initiatives in our operating plan. We are going to
18 touch on some of the more important of those today. If we
19 don't happen to provide the information that is of interest
20 to the Commission, I believe we are prepared to do that. So
21 please don't hesitate to ask.

22 We will be discussing our work in the form of
23 processes also. As mentioned earlier, the planning and
24 budgets and performance management and measurement aspects
25 of our work is very important to us.

1 A question that has been asked by the Chairman is,
2 where is the beef in PBPM, and where does it really manifest
3 itself, and where does the rubber meet the road as far as
4 implementing the programs and achieving performance in
5 outcome-based management regimes?

6 We will cover some of that today as we discuss how
7 we have achieved our goals and how we have identified those
8 areas that are challenges for us. Those challenges take two
9 directions. They are characterized by us as out-of-standard
10 conditions. Some of those out-of-standard conditions are
11 program and outcome oriented as far as meeting our program
12 goals. Some of those are dealing with our processes, and we
13 will cover examples of both.

14 It is important to note, however, that
15 out-of-standard conditions can be positive or negative. We
16 are internally required to analyze both. An out-of-process
17 condition in a positive direction needs to be looked at for
18 the expenditure of resources.

19 If in fact we are overachieving, in a sense, are
20 we using those resources correctly or can they be reapplied?
21 It's good enough to meet the goal. That's why the goals are
22 established. If we are overachieving, then we have to
23 ensure we understand why.

24 We will be going through a series of discussions.
25 Jackie will discuss performance management. Roy will talk

1 about program implementation, which deals with the outputs,
2 the outcomes and the measures. We will be talking about
3 some top priority and high visibility and give some examples
4 of trends. And I will summarize with examples of where we
5 are expending our resources.

6 You are going to get both sides of the ledger
7 here. We are going to talk about our challenges where we
8 haven't met internal and external expectations as well as
9 where we have achieved those goals and in some cases where
10 we are out-of-process standard in the high direction.

11 [Slides shown.]

12 MR. COLLINS: Taking the first slide, as you
13 notice at the headings of the handout package in front of
14 you, we are characterizing our performance today in terms of
15 programs, program change and program accomplishments.

16 We have had a very challenging year. We have had
17 a very successful year in fiscal year 1999. It hasn't been
18 easy. We have done it with the benefit of external
19 stakeholder involvement and those offices that contribute to
20 arena successes. I mentioned some of those, NMSS, Research,
21 and the regions are certainly a part of that. We have not
22 only used their technical expertise, but we have made use of
23 resources in a balanced way.

24 We have reorganized; we have downsized. We have
25 implemented the planning and budgeting and performance

1 measurement process with the help of outside constituencies,
2 including consultants sponsored by Arthur Andersen. Louie
3 Allenback, who I believe you are all familiar with, has been
4 a primary contributor to our success and helping guide us
5 through the implementation of the PBPM process. I believe
6 that external influence is necessary for us to continue
7 forward. We need that sense of urgency that is typically
8 brought by outside.

9 In the program area, we are going to talk a little
10 bit about reactor oversight, 50.59, risk informing
11 regulations, where we are with our licensing products.

12 We have challenges, as I mentioned. We have
13 challenges aligning our organization to the products. We
14 have challenges ensuring we have the proper expertise. We
15 have challenges coming up with measurements for our outputs.
16 How do you measure public confidence? How do you measure
17 reduction in unnecessary burden?

18 Those are ahead of us in the next year to complete
19 the PBPM process standards and for us to move forward with
20 being able to fully utilize the PBPM process.

21 In some cases the pace of our work is commensurate
22 with our stakeholders. In some cases our stakeholders
23 believe we are lagging behind their expectations. In some
24 cases we may be ahead of the expectations, and risk is an
25 area where perhaps there is a balance to that type of view

1 by our stakeholders.

2 We are going to continue working with those
3 stakeholders. We have trained ourselves to acknowledge that
4 as a public service type of entity the sense of urgency in
5 our business comes not only internally but externally from
6 our stakeholders.

7 As you know, we are not driven by products; we are
8 not driven by bottom lines, but in the way that we do our
9 business, external stakeholders create that sense of urgency
10 and bring those initiatives to us. Examples of those are
11 the CSIS report, the GAO report, the tasking memo, and all
12 the external stakeholder forums that we have created.

13 With that background, I would like to go to slide
14 2 where we are going to get into the substance of our
15 processes and start to talk about performance management and
16 what those phases are in NRR.

17 I would like to turn the forum over to Jackie
18 Silber. Jackie has been working with us for a period now.
19 She holds a very important role in the resource and planning
20 arena. It is vital for us to acknowledge that we can't get
21 to where we want to go without aligning our support
22 mechanisms. We are going to talk a little bit about those.
23 Work planning center, for example; infrastructure; time,
24 people and money.

25 We are also going to touch on and not dwell on it,

1 but I would like to acknowledge that it is important that
2 the IT infrastructure support our processes. This is
3 another stakeholder that we have with the Office of CIO. We
4 can't get to where we need to go to in our office without
5 those information technology-based programs, and they are
6 providing a larger measure of support for us to succeed.

7 So let me turn the forum over to Jackie.

8 MS. SILBER: Thank you. Good morning.

9 As you can see on slide 2, what you have here is a
10 picture of where NRR is in conducting our performance
11 management.

12 As a way of background, NRR began a
13 self-assessment in the summer of 1998 and in doing that made
14 a decision that the appropriate way to conduct that
15 self-assessment was to use the agency's PBPM process as the
16 discipline around that assessment.

17 The model that you see on the slide represents one
18 office's implementation of PBPM. It fits within a context,
19 that being that as we do our performance management we
20 consider strategic guidance, guidance from the Commission in
21 the way of a strategic plan or senior requirements memos,
22 guidance from the executive director, and we use all of that
23 in setting the structure for carrying out the performance
24 management process.

25 Our experience in the last year in implementing

1 PBPM was something of a learning process that took a number
2 of steps that might more classically be done sequentially,
3 and in some cases were done in parallel. As we went through
4 the process, as Sam said, an integral part of that process
5 was the assistance that we received from Arthur Andersen,
6 and working with Arthur Andersen we developed methodology
7 and in many cases implemented it, tried to learn lessons
8 from it and modify it as we went through the process.

9 However, even with that kind of unique approach of
10 learning and operating simultaneously, when we planned our
11 programs and our budget for 2001 we were able to use the
12 process and realize some real benefits from it. For 2001 we
13 were able to build programs with a decreasing budget, and we
14 were able to accommodate some new initiatives and some
15 increasing needs that we had.

16 It was because of that discipline, because of the
17 process that we go to of looking at what needs to be done,
18 prioritizing what kind of contribution each of our efforts
19 make to our outcome goals and resulting in at least a
20 prioritization of where we believe our emphasis should be,
21 and then using that to make decisions about where there may
22 be some candidates for sunsets, in going through our process
23 for 2001 we were able to look at some things in terms of
24 duplications, work that may have been conducted both in the
25 region and in headquarters, and where was the right balance

1 and where should the emphasis be placed.

2 As you hear the presentation today, what you will
3 start to see is that this has led us to the accomplishments
4 we have seen for 1999, the plans we have as we look into the
5 out years. It is the infrastructure that makes that happen.
6 It's not a separate effort. It's how we do business to make
7 sure that we can know what our goals are, what kinds of
8 outcomes we want to accomplish, and then how we go about
9 accomplishing them.

10 Right now we have started for 2000 using an
11 operating plan that is somewhat different than we have seen
12 in the agency before. We have a process. If you look at
13 the charge, you will see that we use the term "operational
14 planning" because it's not a document. It's not the
15 operating plan that is critical to us; it's the process.

16 We look at our goals and our measures on a very
17 regular basis. We make decisions about the right levels,
18 what kind of information we need at an executive level, at a
19 leadership level, at an operational level, and look at those
20 things with different frequencies.

21 Operational and leadership level are looking at
22 things on an ongoing basis and doing reviews on a monthly
23 basis, so that, as Sam said, we can look at where we are out
24 of standard, and in some cases that means we are doing
25 better than we anticipated and making real time decisions

1 about adjustments that we should be making so that we know
2 we will be where we want to be as the year ends.

3 We have just started that process. We are in the
4 first quarter. Once again, as a learning organization we
5 are learning some things in the process, but just with what
6 I would say is probably two months of experience we are
7 already seeing a benefit as to how we work as a leadership
8 team and how we are able to make decisions.

9 We clearly will be using this process for our
10 planning for 2002, and we certainly expect that we have a
11 much better sense of how to use the process and how to apply
12 it and that we will probably, we believe, see much greater
13 benefits from applying it for 2002.

14 If we could move to the next slide.

15 A major focus of NRR in doing our PBPM process is
16 that it is important to us to be a learning organization and
17 also to continually improve on what we are doing. One of
18 the efforts that we have under way right now is the
19 establishment of centralized work planning.

20 For us this is key. For a number of years NRR has
21 understood that we need to better predict our workload, our
22 resource requirements, and probably equally important, be
23 able to understand the impact of emergent work and be in a
24 better position to respond to it.

25 In order to deal with all of that, we have gone

1 through a process over the last year of looking at the,
2 concept of centralized work planning. We have done some
3 benchmarking visits with best practice organizations,
4 learned from that process, and we are just at the point now
5 where we are starting to pilot a number of specific
6 processes within NRR to use centralized work planning.

7 We have a longer term plan where we want to be
8 able to use this for our scheduling and to understand how to
9 deal with emergent work, and we think in the long term to
10 minimize the percentage of what is emergent work by planning
11 better, by understanding the workload demand.

12 That is just starting for our process. Although
13 it is just starting, I think we are already starting to see
14 some benefits. One of the key things that we are doing is
15 to look at all our processes and map them to understand what
16 the steps are in a process and what those steps take, to
17 essentially understand what the system is right now and to
18 give us a good baseline for thinking about where there are
19 opportunities for improvement.

20 With that, I think Roy will pick up in terms of
21 talking about where we are in terms of results.

22 MR. ZIMMERMAN: Thank you, Jackie, and good
23 morning.

24 On slide 4 we have a bar chart that shows our
25 planned accomplishments. It provides information on FY-2000

1 in terms of our FTE resource allocation as well as the,
2 resource that we spent in FY-1999. What I would like to do
3 is take a few moments and go through some of the larger
4 deltas that we have here.

5 Starting in the first two listed at the top, it
6 provides information associated with our overhead, both
7 supervisory and non-supervisory.

8 What it shows is that we continue a trend of
9 reducing our overhead in NRR. Currently our overhead is at
10 27 percent. That is down from 36 percent in 1995.

11 Our overall SES numbers in that same time frame
12 have been reduced from 51 down to 30, and our total
13 supervision has gone from 94 to 72.

14 So as Sam and Jackie have mentioned, there has
15 been a lot of change that has occurred during the last few
16 years, and there is a backdrop here of some significant
17 changes in the supervisory structure that we have.

18 Continuing down, in the area of license renewal we
19 have an increase of 19 FTE as compared to FY-1999. That is
20 associated with the incoming expectations for additional
21 plant-specific licensing actions associated with ANO and
22 Hatch, and also the work that we are doing in the generic
23 arena, working on the generic activities lessons learned
24 report and the standard review plan so we can leverage
25 standardization as we learn the lessons from the first two

1 renewal applications that we have.

2 About two thirds of the way down the chart is
3 event assessment and generic communication. We are coming
4 down 10 FTE this year as a result of efficiencies that we
5 have gained by looking at our processes and seeing some
6 areas of redundancy in our follow-up of plant events.

7 We found some redundancy between ourselves and the
8 regions in the tracking and following up of events, some
9 redundancy between ourselves and other offices, and we also
10 found some redundancy within our own office. That has
11 allowed us to gain the efficiencies to support a fairly
12 robust reduction in events assessment, still with great
13 confidence that we have a sufficient number of resources to
14 do our primary mission of maintaining safety.

15 Also, we have had reductions in generic
16 communications, which I will talk about more later on, but
17 we have added additional discipline to our process of
18 issuing and following up on generic communications.

19 In the area of rulemaking, which follows right
20 under event assessment, we have increased our FTE allotment,
21 coming up 12 FTE compared to FY-1999. We have about 40
22 rulemakings currently under way in various stages of
23 completion in NRR. There is a lot of activity in this
24 arena.

25 As we work toward the significant centerpiece

1 toward risk informing Part 50, the work that we are headed
2 toward with regard to security regulations, we saw a need to
3 make sure that we have sufficient resources allocated to be
4 able to do that work.

5 In the area immediately below, on regulatory
6 improvement, we have an increase of 7 FTE. That is
7 associated with our initiative to look at voluntary industry
8 initiatives from the standpoint of the office being able to
9 endorse those guidance documents. It also involves our
10 follow up of topical reports. This is at the point where
11 there may not yet be a licensee who is sponsoring the
12 activity yet, so it is not quite a licensing action, but
13 there are generic benefits that the industry sees, and we
14 review those topical reports as well.

15 Other examples of improvement in this area would
16 be the BWR vessel inspection work that is done.

17 So there are some significant items that lend
18 themselves to being captured in the regulatory improvement
19 area.

20 Third from the bottom, in other licensing tasks we
21 have a reduction of 10 FTE. Other licensing tasks are
22 primarily our follow up of bulletins and generic letters.
23 We review the utilities' response to those activities.
24 There may be field follow-up that is associated with that as
25 well.

1 It also includes areas such as requests for ,
2 assistance from the regions on a technical matter where they
3 ask for our support. As well, 2.206 petitions are captured
4 in this area.

5 The major reason for the reduction is the
6 reduction in the number of what we call MPA's, multi-plant
7 actions. After we issue that generic letter or bulletin we
8 will typically follow it up with that review effort that I
9 mentioned. Being that we are issuing fewer of those now, it
10 has allowed our resources to come down in that area.

11 Typically, this particular area also could have
12 some fairly substantive swings in it from a resource
13 standpoint, because if we issue a generic letter or
14 bulletin, it applies to all the plants in the country, and
15 we need to do follow-up. It ends up leveraging the number
16 of plants that it applies to.

17 Licensing actions. We are looking at coming down
18 approximately 12 FTE this year. I will talk in a few
19 moments about NRR's performance in the licensing action area
20 during FY-1999.

21 We have reached a point where we are closing in
22 what we think is an equilibrium level for those that come in
23 in the natural length of time that it should take to review
24 those. So the inventory that we had this time last year has
25 been worked off. That has allowed us to be able to look at

1 a more modest number of accomplishments to get our inventory
2 again to an equilibrium level.

3 With regard to project management and licensing
4 assistance, the projects organization performed a very
5 robust self-assessment over this past year, very
6 disciplined, very meticulous. That has allowed us to be
7 able to look for opportunities where we have been able to
8 double up project managers on certain facilities.

9 We need to continue to do that carefully so that
10 we maintain the necessary interface that is very important
11 to us with the regions, so we stay in touch. We have been
12 very selective in those opportunities.

13 The work that the projects organization did also
14 set us up for future decisions that we will need to make. I
15 think it is the best shape it has been in in being able to
16 dissect the different types of work that is accomplished in
17 the projects organization. So if there is a view of an
18 add/shed activity within the projects organization, we have
19 a better handle on what the cost will be if we were to
20 reduce resources in the project management area better than
21 any point in recent time.

22 If there are no questions, we will move to the
23 next slide, please.

24 Now I am going to speak about our performance in
25 FY-1999 with regards to the performance plan activities

1 associated with the licensing area. We have considerable
2 numbers available that I can share in terms of our specific
3 performance. I will start at a higher level than that, and
4 if there is an interest in wanting to get more into the
5 specific numbers, I will be glad to share those.

6 These areas that I am talking about are in our
7 performance plan and will be in our performance report that
8 we will be looking to send to Congress in the March time
9 frame of this year.

10 We have exceeded the number of licensing actions
11 that we had indicated we would perform in the performance
12 plan. Our inventory has been reduced below that target
13 level of 1,000 that we had. We achieved the age goals
14 associated with those licensing actions. Following will be
15 some charts that I will spend a few moments on as well to
16 talk us through that.

17 In the other licensing tasks, the number that we
18 had targeted for completion were in fact accomplished. We
19 also completed all of the generic fundamental exams and
20 initial operator license exams to be able to support the
21 needs of the industry.

22 Next slide, please.

23 This chart shows the inventory of licensing
24 actions. It covers the last two fiscal years and shows the
25 trend of a positive nature of reducing the inventory.

1 The horizontal line provides where our goal was.
2 So it gives a representation of how far we were able to
3 exceed that goal.

4 I would like to note that the median age of our
5 inventory is a little over four and a half months. That
6 compares to a year earlier where it was over seven months
7 and a year earlier where it was close to 13 months. So the
8 age of the inventory is considerably less than in the past.

9 Next slide, please.

10 The age-related goals of having no actions greater
11 than 3 years old, having 95 percent of all actions complete
12 within 2 years and 80 percent for 1 year is a target. Based
13 on our corporate knowledge, we have never achieved that goal
14 before. This is the first year that NRR has achieved that
15 goal.

16 I would draw your attention to the greater than 3
17 year old block, the lower right-hand column. There was
18 considerable effort by the supervisory team and the staff to
19 work off that older list of items, and there were inherent
20 challenges in that list. Many of those required higher than
21 usual labor rates because of the complexity and difficulty
22 of the issues, but there was a very concerted effort.

23 Not only were we able to meet the goal for the
24 first time, but we actually exceeded it and met our goal
25 that is more challenging for this fiscal year, and we didn't

1 have any items that are greater than 2 years old.

2 So there is a lot of sense on our part that the
3 staff focused very heavily on this area that we really
4 needed to make significant improvements, and the staff came
5 through for us.

6 MR. COLLINS: This is an area where you can't
7 achieve these goals without cooperation within the arena.
8 We rely heavily on Research to bring those initiatives
9 forward to help us resolve these issues. The regions play a
10 role in confirmatory inspections and bringing these issues
11 forward. OGC plays a major role in the review and approval
12 of actions that have legal implications.

13 So within the arena the ability to achieve these
14 goals, and in some cases these are stretch goals, as Roy
15 mentioned, shows how the planning process and the management
16 process can bring not only the internal team, but the
17 external team within NRC together to accomplish. That's a
18 credit to the process as well as to the operating level that
19 does that work within those organizations.

20 MR. ZIMMERMAN: Now for truth in advertising. We
21 had mentioned out-of-standard earlier in the presentation.
22 One of the areas that we are focused on right now for this
23 fiscal year is licensing actions. The first quarter data
24 that is coming through with a linear projection will not put
25 us where we would like to be.

1 As Sam and Jackie also indicated, being at a,
2 standard has some positive aspects to it. One is we need to
3 flag it early, which we have done. We have known about it
4 prior to the first quarter, and attention is being turned to
5 that area to understand why we are out of standard, what
6 types of course directions do we need to make.

7 The effort that we are using is to try to reduce
8 somewhat those at this table asking those questions and
9 getting involved in that level of detail and looking at the
10 division directors to be working outside of their individual
11 areas, to work as a team, to work horizontally, to try to
12 understand what needs to be done to tackle those problems.

13 Projects takes a very aggressive lead in working
14 and wrestling those issues to the ground and then reports
15 back to the executive team and then we monitor and follow
16 that progress.

17 This is really our first test of it. I for one
18 will admit that it is interesting. There are questions that
19 I want to ask, but I am waiting to see what comes out of the
20 division director review. We can't move too far back,
21 because we want to make sure that we get back in standard as
22 soon as possible and understand it. There was competence
23 that was demonstrated last year. The division directors
24 will see this through and get it back on the process and
25 keep us apprised of it.

1 That is an example of one of the out-of-standard
2 conditions we currently have at this time.

3 Next slide, please.

4 Now we move to other licensing tasks. This is the
5 area where we do our follow-up of bulletins, generic
6 letters, our regional requests for assistance and 2.206's.

7 The dropoff here is due in part to the fact that
8 we are adding additional discipline to the process. We are
9 not issuing as many generic communications, and those that
10 we are issuing have more focus, more discipline, to make
11 sure we are really asking the questions that need to be
12 asked, questions that may not necessarily be germane to
13 making our decisions. We have tightened that sieve to make
14 sure that that is the case.

15 Also on generic communications, one of the things
16 we have done is we have the executive team agree to the need
17 for writing the generic communication earlier than we used
18 to. The executive team needs to be satisfied that there
19 really is a need for putting the resources into doing this,
20 that it is not covered by some other measure, that it really
21 warrants it. That's a change from how we used to operate.
22 So we are able to save resources by not crafting a document
23 that may not see the light of day.

24 Next slide, please.

25 Now I will move into the FY-1999 performance

1 measures in the license renewal area.

2 We have met all of our renewal review milestones
3 for Calvert Cliffs and for Oconee.

4 The Calvert Cliffs final SER was issued this past
5 November. The final SER for Oconee is expected this
6 February time frame.

7 The environmental reviews for both of those
8 facilities have been completed and issued. Region I and
9 Region II have been performing their scoping and aging
10 management review inspections. Those are complete for
11 Calvert and nearing completion for Oconee as well.

12 Where we currently stand with Calvert Cliffs is we
13 have a Commission paper that is in review process within
14 NRR. That will be going to the EDO's office shortly. We
15 would expect that within a number of days that paper will be
16 supplied to the Commission with a recommendation on Calvert
17 Cliffs.

18 We see that our targeted date that we have
19 advertised of April is doable in our minds. We also have a
20 date for Oconee in the July time frame.

21 There has been a lot of interest in the renewal
22 area. We have steering committee meetings with the
23 individual facilities, and we have a number of other
24 utilities that have expressed interest in license renewal
25 that attend those meetings.

1 We have seen a number of utilities come forward
2 and indicate interest, some of them in a formal manner. We
3 have worked with the industry because of the relatively
4 large number of resources that are currently necessary to
5 complete the renewal to try to map out from our planning and
6 budgeting standpoint to be able to plan well for those
7 applications that are coming in.

8 What we see right now is that in this fiscal year
9 ANO-1 will be coming in shortly, and Hatch is due to us in
10 March. Hatch is special from the standpoint that it will be
11 our first BWR. That means a lot to us, because we want to
12 be able to work towards standardization as much as we can in
13 this process.

14 We need to work through a BWR facility to be able
15 to also give us a sense of how we are ultimately going to be
16 able to develop the standard and leverage resources to bring
17 down our labor rate from what it has been on the first two
18 applications.

19 In FY-2001 we see four applications being
20 submitted. We have high confidence in that number.

21 In 2002 we again see four applications, and we
22 again have high confidence in that number.

23 In 2003 we see eight applications coming in. The
24 further out you go, the less confidence perhaps we assign to
25 it. At this point in time we feel that that remains an

1 accurate number.

2 We have routine dialogue with NEI to provide us
3 information about future applications in those time frames.
4 We have been strong in expressing our need for our planning
5 purposes. If we get this picture off, it will have a
6 dramatic impact on how we budget our resources. So it is
7 very important that at the front end of the process we work
8 very closely with the industry to understand their submittal
9 dates.

10 We are also working in parallel with the
11 plant-specific applications on the generic aspects. That is
12 where we see we are going to learn our lessons and we are
13 going to be able to reduce the resources that we apply and
14 bring our labor rate down, and the timeliness of our
15 applications. We currently have the generic activities
16 lessons learned ongoing. That will feed into the standard
17 review plan.

18 We had our first workshop this past December,
19 which was a very good kickoff. We are looking at issuing
20 the draft GALL and SRP for comment this summer. We are
21 looking at a Commission meeting likely in the fall time
22 frame, with ultimately providing to the Commission by March
23 of 2001 the GALL report and SRP in what we would envision as
24 the final form.

25 That is a very important initiative for us to make

1 the appropriate headway. In order to do this, it is very
2 important that we do this in a very public way with all
3 stakeholder involvement. We need the views of all of our
4 primary stakeholders in the area. That is what we brought
5 forth in the first workshop and will continue to look for
6 bringing in robust feedback from our stakeholders.

7 MR. COLLINS: This area is one of the best
8 examples of the planning and budgeting process in that you
9 plan first and then you budget for that. If you recall the
10 earlier slide that had the delta between the two fiscal
11 years, that is against a backdrop of a change in 18 FTE
12 between the two fiscal years. The work drives the
13 resources; the budget doesn't drive the work. That's what
14 PBPM essentially does.

15 In this particular area of license renewal, two
16 years ago we were budgeting for one plant shutdown per year
17 and decommissioning, which takes a number of FTE. You can
18 assume the first year it's the same as an operating plant.
19 Then it reduces. So it's somewhere between 6 and 8 FTE per
20 year, whereas license renewal is upwards of 22 or so, at
21 least during the pilot phase.

22 So we are seeing a sea change, if you will, in the
23 workload away from decommissioning and towards license
24 renewal. The planning and budgeting process allows you to
25 accommodate that in the add/shed, and it raises those flags

1 for you as you go forward so that you can be prepared.,

2 We will have challenges in this area both
3 organizationally and technically as far as time, people and
4 money and the application of our resources, but we believe
5 we are prepared for it.

6 MR. ZIMMERMAN: We will move from license renewal
7 to the next slide.

8 This chart is aimed at showing the applications
9 that we could be working on at any point in time. It's sort
10 of a goes ins and goes outs. Some will be getting
11 completed. They won't show up here as you move from left to
12 right, but it's the inventory at any point in time.

13 As you can read in the upper right-hand corner,
14 it's the total number of applications under review, and it
15 is assuming a 30-month review schedule. Our goal is to be
16 able to bring that down considerably.

17 Next slide, please.

18 Now we will move into the area of inspection and
19 performance assessment. We met our performance plan output
20 measures for FY-1999.

21 I will go back for a moment to what Sam had
22 mentioned in terms of much of what I am reporting on are
23 output measures. It's tasks completed, and we still have on
24 our plate moving more to be able to report back in terms of
25 outcomes. At this point we can only do that to a limited

1 degree.

2 The core inspection program was completed at all
3 sites, which was one of those performance plan activities.
4 The allegations that we pursued were completed within the
5 target that we had.

6 We completed two plant performance reviews at each
7 site and conducted the annual senior management meeting in
8 the April 1999 time frame. All of those are performance
9 plan output measures.

10 As we look to moving forward with the revised
11 reactor oversight process we are excited about the progress
12 that has been made. We see where we are headed to be a more
13 predictable and objective inspection and assessment process
14 to the one that we have had before. It also will be more
15 risk informed. So we see the benefits that the oversight
16 process will bring to us.

17 We have completed the pilot at 9 sites. That was
18 completed during the June to November time frame. We now
19 have initial implementation scheduled for the April time
20 period. For those plants that were not part of the pilot
21 the final PPRs that we perform will occur in the February
22 time frame, and the final senior management meeting is
23 scheduled for May.

24 As we speak there is a workshop that is ongoing
25 downtown. It has been going on for several days. In this

1 area, with the amount of change in the inspection and ,
2 assessment area, the area of communication is vital.

3 A communication plan that is effective, that
4 reaches out to all stakeholders is very important to us. We
5 have done it in a variety of forums. We continue to do it.
6 We are very interested in the feedback that we will get from
7 the workshop to see how that can inform our process to help
8 to improve it.

9 Even after we roll out the new oversight program,
10 after it's approved and set to go, it's important that we
11 recognize that this is still an evolving process. Through
12 the first year of implementation we will continue to go and
13 assess the information we have and look for the areas that
14 we need to make course corrections, and we will be very
15 attuned to all of our stakeholders' input during the initial
16 phase of implementation.

17 Inspector training is clearly very important.
18 That is going in parallel.

19 The dialogue in the vicinity of the plants with
20 the local officials and local populace to inform them of the
21 changes in this program have also been ongoing.

22 MR. COLLINS: I think it's important to note that
23 this program, although focused on by the program office and
24 the program office is responsible for its success and
25 implementation, the development would not be achievable

1 without the support of Research in the area of risk insights
2 and studies, and many of the resources that have been
3 provided for the development of this program have come from
4 the region.

5 As you recall, we informed the Commission we were
6 going to suspend the SALP process and use those resources
7 for the development of the oversight program. So within the
8 reactor arena this has really been a team effort for
9 development.

10 Jon recently reported to us last week from Region
11 II. So we are trusting that Jon is still objective as far
12 as his loyalty to the regions. Jon has actually talked to
13 the regional administrators in an efficiency and
14 effectiveness view, although they are monitoring the
15 conference as we speak. Jon has volunteered to represent
16 the regions in the implementation of our program.

17 So at this time, since we are talking about the
18 inspection programs, Jon, could you add? This is in the
19 out-of-standard conditions. We have more work to do. We
20 have input from out stakeholders in the regions as well as
21 licensees on the status of these inspection programs, and
22 Jon will provide some insights.

23 MR. JOHNSON: Thank you. Good morning. I have
24 spoken to all the regional administrators and all of them
25 believe that there are a lot of positive insights to the NRR

1 performance over the past year, but I did want to summarize
2 some of their comments.

3 The positive changes in reducing backlogs in
4 licensing and reducing backlogs in technical assistance
5 requests, TIAs, not only helps reduce the licensee's burden
6 but what it also does is improves the efficiency of the
7 regional inspection program, because there are fewer items
8 to have discussions about when inspectors conduct their
9 inspections.

10 This also goes to the use of standard tech specs.
11 There is less ambiguity. There is a little more clear
12 regulatory requirements when the inspectors conduct their
13 inspections. So the inspectors and the managers in the
14 region have had to deal with fewer and fewer of these
15 disagreements while they are doing their inspections. We
16 still have them, of course.

17 Also the regional administrators believe that it's
18 the right time to make these changes. All the regions have
19 been involved in the changes to the new oversight program,
20 but there are still some concerns even though they have had
21 quite a bit of involvement.

22 One of the concerns of the regional administrators
23 is that there is less dialogue on a day-to-day basis with
24 the headquarters office. That in part has been by design.
25 The attempt has been to focus some of the headquarters

1 efforts on licensing actions and focus the regions' efforts
2 on inspections. That has resulted in less dialogue.

3 So it's not necessarily a bad thing, but it's an
4 item that we need to stay attuned to. This is not just at
5 the inspector and project manager level, but it is at
6 various levels of management also.

7 The feedback process. As I indicated, all the
8 regions have participated in the oversight program
9 development. Inspectors and branch chiefs have come up here
10 to participate in the development of the new program, and
11 there is almost an unprecedented number of changes.

12 The NRR staff that is working on these is
13 collecting all this information. As you are aware, this
14 workshop is still ongoing this week. A number of them are
15 at this workshop still trying to get lessons learned from
16 the pilot program.

17 There is a sense of frustrations in the regions
18 that each individual person may not have received feedback
19 on how his issue is being addressed. I think it's a matter
20 of working through these and collecting them all and coming
21 up with the best decision. There is a large number of
22 changes, and the NRR staff is trying to address each one of
23 them, but the individual that made that comment may not have
24 gotten his feedback yet. So there is a sense of concern
25 there.

1 The last point I wanted to make is regarding the
2 use of risk information.

3 The regions in the new oversight program are
4 transitioning to use more and more risk information in the
5 assessment of how significant events are and how significant
6 inspection findings are. There is a sense of concern that
7 we need to make sure that we use this and we need to
8 understand the accuracy of the risk information.

9 As an example, there is a process called the
10 significance determination process. It uses site-specific
11 risk information. That was developed, with some assistance
12 through some contractors, using the best information we
13 have, the plant IPE. Some of that information may be old.
14 So as we are using the plant-specific table, we need to make
15 sure that it reflects the current configuration in the
16 plant, the current system lineup, and so forth.

17 There is another concern on use of risk, and that
18 is the use of it in follow-up to events. We are having
19 fewer and fewer significant events, and that's good, but the
20 ones we have we are trying to use risk to help determine the
21 agency's response to that. Should we have a special
22 inspection team? Should we have an augmented inspection
23 team? We are trying to use risk information to help us make
24 that decision.

25 We need to make sure we are careful about the

1 expectations as to what kind of valid information we can
2 provide in a short time frame, because we are talking maybe
3 the evening of the event or the day after, the next week,
4 and so forth. We know that we can provide a reasonable risk
5 estimate, but we need to see where that takes us in terms of
6 shutdown events. We know we need to make some improvements
7 there.

8 So these are the concerns that the regional
9 administrators have in the new program. They support the
10 program; they have participated in it, and these are some of
11 the concerns they have as they look at actually implementing
12 it.

13 MR. COLLINS: Thank you, Jon.

14 Roy.

15 MR. ZIMMERMAN: Next slide, please.

16 Now we will talk about some of the challenges that
17 we have been working with over the last fiscal year, some of
18 which we think we have made considerable progress on, others
19 that we know warrant additional attention.

20 To address improvements to the licensing action
21 process, we instituted what we call screening reviews at the
22 front end of the process to do an early review of the
23 incoming submittal for acceptability. If we have some
24 issues, we can pass those on early and get that feedback
25 started.

1 The review won't be as robust as what we do when
2 we undertake a full formal review, but this quick look, if
3 you will, serves the benefit that rather than putting it
4 into the queue and maybe not getting to it for several
5 months and then seeing that there is either a fatal flaw or
6 something that we could ask, we try to ask that early. It
7 saves us additional time.

8 The feedback that we get from the industry is
9 positive with regard to that process.

10 One that we have spoken about a number of times is
11 the request for additional information. We have instituted
12 formality to that process. After one round of questions we
13 move to meetings and telephone calls and try to minimize
14 letter writing campaigns going back and forth, asking
15 questions when it is possible the two parties aren't
16 communicating and they are talking past each other.

17 It may turn out that even before the first RAI is
18 crafted there is benefit of having a meeting case by case to
19 get the right people in a room to make sure that it is
20 understood and to do this in a public meeting.

21 We see that there are efficiencies that have been
22 gained in that area.

23 We also need to add discipline -- we think that we
24 are doing a better job in this area -- to the questions that
25 we are asking. We have a threshold in terms of do we really

1 need to ask this question and do we have to have that answer
2 to make a decision on the submittal on whether to approve it
3 or deny it. The threshold is there. There may be a thirst
4 for the knowledge, but we really are looking forward to
5 apply to the decision making process.

6 I spoke earlier about generic communications and
7 the ET approval associated with that. The same discipline
8 applies, making sure that we are asking for the information
9 that we really need, and not in all cases requiring that
10 information be sent here. It could be retained at the site
11 and can be reviewed during a future inspection. We are
12 doing that more often than we have done in the past.

13 Confirmatory action letter. A common thread once
14 again in terms of threshold and discipline. When we issue a
15 confirmatory action letter we should be giving serious
16 consideration to whether we are bordering on the need for an
17 order. It's a significant action for us to take. We want
18 to make sure that we choose the right tool. If it warrants
19 an order, so be it. If we don't think it's to that point,
20 then we likely would be looking at a confirmatory action
21 letter.

22 Again, discipline. Now that we have decided to
23 write a confirmatory action letter, let's keep it focused on
24 what the issues are that led to it. Let's not look at
25 adding this item and this other item since we chose to write

1 it where we wouldn't have asked those questions perhaps if
2 we hadn't gone the confirmatory action letter route.

3 I think I have used "discipline" a number of times
4 here, and that is really key to the process.

5 In the area of improved standard tech specs there
6 is good news and challenge. More than half of the
7 facilities have now converted to the improved standard tech
8 specs.

9 As Jon was saying, there are the benefits of
10 clarity that lead to efficiencies by not needing to seek
11 interpretations. We would like to be able to have
12 additional effectiveness and efficiency gains in our
13 remaining reviews.

14 We would like to be able to learn more lessons and
15 apply them to be able to shorten the length of time it takes
16 us to do these reviews. We have an initiative under way
17 with OGC to continue to look for those opportunities. They
18 are moving along.

19 I think the expectations of when the deliverables
20 will come forth are well known by the utility. It's not an
21 area that we are hearing much in the way of frustration, but
22 internally as a learning organization we want to be able to
23 bring this area along.

24 An area that clearly warrants additional attention
25 is in the area of 2.206 petitions. This was discussed with

1 the Commission at the stakeholder meeting back in the middle
2 of December.

3 We have made some strides in this area during what
4 I will call the phase 1 review. We did institute some
5 meaningful enhancements: Additional interaction with the
6 petitioner; Giving the petitioner greater opportunity to
7 interact with our Petition Review Board early on to make
8 sure that the petitioner has the opportunity to have his or
9 her say, and to make sure that there is a connection on
10 information, that we are working off the same fact sheet.

11 We don't want to be spending time thinking we
12 understand what the concern is but then find later on that
13 we really didn't understand the issues. So there is greater
14 interaction up front.

15 We also are working to be more consistent in terms
16 of giving feedback in a timely way on the status of the
17 petition. There is frustration that we can create
18 unnecessarily, that is within our control to provide
19 feedback so there is not the sense that it went off into a
20 black hole and haven't heard anything from the NRC in X
21 number of months. So we are trying to add that discipline.

22 Now we move into phase 2. We have moved beyond
23 our initial steps where we had a stakeholder survey. Now we
24 have put our process out for public comment. That public
25 comment period ends at the end of this month. We are

1 looking at a workshop next month, and then a Commission
2 meeting by June, by this summer.

3 Lastly, we have instituted a licensing action task
4 force. This group serves as a lightning rod. There is a
5 peer group in the industry that it interacts with. A number
6 of the issues that we have been talking about here are the
7 kinds of issues that are embraced by the task force to look
8 for areas for improvements to our licensing process.

9 Next slide, please.

10 Other challenges that we face. To some degree
11 these have been mentioned through our discussion.

12 We are working to add clarity to our 50.59
13 process, to our FSAR updates, and to the definition of
14 design basis. Where possible, we have looked to be able to
15 endorse industry documents.

16 We think we are on a success path with 50.59.
17 With the rule issued last October, we are looking to be able
18 to endorse later this year an associated reg guide. We have
19 issued the reg guide associated with FSAR updates.

20 We continue to make strides in design basis,
21 although there are still a few challenges that remain
22 associated with that issue.

23 With regard to risk informing Part 50, this is a
24 very significant undertaking for us. It's a real challenge.
25 It involves a lot of resources. We have a public workshop

1 set for the April time frame.

2 We are working with the industry to have
3 volunteers for pilots. We have had success in other arenas
4 where we have involved pilots as part of the process to move
5 us along, to learn from those pilots. That is an issue that
6 hopefully by the middle of February we will have better
7 insights on what pilots we may be able to solicit from the
8 industry.

9 With regard to decommissioning, we continue to
10 work on the spent fuel risk assessment. That is ongoing.
11 This is going to form the basis for changes that we are able
12 to make in this area through rulemaking. Up to this point
13 we may be working through exemptions due to the reduced risk
14 associated with a plant going through decommissioning.

15 We are seeking public comments and we are looking
16 to providing a rulemaking plan this summer. In terms of
17 out-of-standard and lessons learned, we recognize the issue
18 associated with the slippage in the date. We are evaluating
19 that situation to learn from that, to review it for actions
20 that we need to take, and to continue to move forward as
21 promptly as we can on this important initiative.

22 Lastly, in the safeguards area another challenge
23 that we face. We recognize there are benefits in moving
24 forward with rulemaking in the safeguards area. We are
25 looking to bringing more of a risk-informed flavor into what

1 right now are more compliance-based regulations in this
2 area. We are going to complete the OSRE recycle.

3 We are also considering as we move to rulemaking
4 looking at compensatory measures, contingencies from the
5 operations point of view, to see if there is merit there
6 that should be taken into consideration.

7 We are looking at a proposed rule in the middle of
8 next calendar year.

9 With that, if there are no questions, I will
10 return the floor to Sam Collins.

11 MR. COLLINS: Let me provide you a brief insight
12 into how we get this work done. That is by the use not only
13 of our processes but our resources, which amounts to time,
14 people and money.

15 Historically, like most offices within NRC, we
16 have had a declining budget both in time, as exhibited by
17 the number of FTE, and in resources for contract dollars.

18 Over the period since 1995 our staff has been
19 reduced approximately 16 percent, and our program support
20 dollars have been reduced approximately 60 percent.

21 Against that backdrop, however, I would like to
22 acknowledge that within the past two years we are
23 celebrating the successes as a result of staff contributions
24 at the operating level using the leadership and the
25 executive levels to provide for the infrastructure that we

1 have acknowledged today.

2 So clearly the processes that are being used, the
3 leadership team, and the staff's skill, and providing them
4 the access to the right tools to do the job has resulted in
5 our ability to get this type of work done with significantly
6 less resources than have been available over the past
7 period, if you go back five years.

8 We have expended 99 percent of our FTE ceiling.
9 We are within one percent of our 14 and above our range as
10 far as grades. We have achieved the 8 to 1 supervisory
11 ratio.

12 We are working aggressively with our sponsors for
13 equal opportunity programs, looking at our fiscal
14 performance, and we are very concerned about any type of
15 management control issue, because that indicates a weakness
16 or an area for improvement.

17 In that regard, we have identified some and some
18 have been self-identifying. We would like to be able to see
19 them first, but in all cases we haven't.

20 Examples of those are the way that we managed --
21 and we is me -- the OSRE program and how we rolled that out
22 as far as our stakeholders are concerned with a significant
23 change to our program approach to that very vital program.
24 I think the concept was good, but clearly the packaging had
25 a lot to be desired, and we learned from that.

1 Spent fuel pool study. We've had a slip of three
2 weeks in that schedule. That was undesirable, particularly
3 on the heels of the most recent negotiated SRM. They
4 followed one another very closely. That was a failure in
5 our internal team communication.

6 In our focus on contractor work, we have an
7 independent study, lessons learned, that has been
8 commissioned by Brian. He's the process champion for this
9 effort. We will be glad to report that out. We are going
10 to report it to the EDO, but we will be glad to share that
11 with the Commission if there is interest. We will take
12 whatever adjustments, including accountability, that is
13 necessary for that.

14 Communicating change is a continuing challenge for
15 us. Jon talked about some of those areas as far as our
16 regional stakeholders, but clearly even external to the NRC
17 not only do we have to communicate what our role is, but we
18 have to communicate this continual change that we are in and
19 why our processes are improving.

20 Internal procedures within NRR are lagging behind
21 our initiatives. If we were to go to our procedures today
22 that discuss how we do work, they don't necessarily exhibit
23 the latest way that we do do work. That is an
24 infrastructure issue that has been self-identified, and we
25 need to move forward.

1 Electrode leading at Callaway is a long-term
2 issue, but once focused on, I believe it was a success, but
3 clearly we could have set ourselves up better for that
4 process as well as the review mechanisms that are necessary
5 for the licensee to take advantage of that technology.

6 Correspondence dates. We are a little over 80
7 percent in correspondence dates, but we renegotiated a
8 number of those with the EDO's office and with SECY. We
9 need to improve our predictability in that area, and we
10 believe our planning as a result of the work planning center
11 will help us in that area.

12 Credit for industry initiatives is an area we
13 believe has resulted in efficiencies internally, but we have
14 to work through how is that going to be manifested in the
15 inspection and enforcement program. I can go on with other
16 lists.

17 What I meant to exhibit here within the short
18 period of time is that it's a balanced ledger. We have
19 achieved a lot. We have a lot of work to do. Working with
20 our processes and with the levels of the organization and
21 using the teaming concept, we believe we are up to that
22 challenge.

23 The last summary slide is just a roll-up of what
24 you heard over the past hour. We are a learning
25 organization. We do need the tools to do that. Those tools

1 come from expertise that is internal and external.

2 We believe and we subscribe to the cliché that if
3 you are not striving to improve yourself, then you are
4 essentially standing still, and if you are standing still,
5 then you have to ask yourselves why, is that the right thing
6 to do, and in most cases it's not. Our stakeholders are
7 demanding more and they are demanding better service and
8 more efficient products, and we need to be positioned for
9 that.

10 Again, the industry has to be ready and our
11 stakeholders have to be ready for the products. In some
12 cases, such as risk, we are still working towards defining
13 those programs. Research with option 3 and NRR with option
14 1 and 2 in the risk arena have to put together programs that
15 are predictable enough and that have identified impacts as
16 far as investment versus return, that the industry
17 understands how that program will affect them.

18 Then there are business decisions to be made.
19 That is up to our stakeholders to identify. That will drive
20 our resources in the long run.

21 With that, I will close and acknowledge the
22 participation of all of our stakeholders in getting where we
23 are today and turn the forum over to the Commission for
24 questions.

25 CHAIRMAN MESERVE: Thank you very much. Let me

1 suggest to my colleagues that I think we have sufficient
2 time that we may have an opportunity to go through more than
3 one cycle as we go around the table, so that as you think
4 about questions, you might want to cluster them.

5 I have two sort of linked questions I would like
6 to ask at the outset.

7 As someone who is a recent arrival with the
8 government process which you have been under with GPRA, the
9 acronym implementing this PBPM process, it has clearly
10 involved a lot of time and effort by you, and a lot of
11 management effort is spent on defining the process rather
12 than working the substance of the problems.

13 I realize some of this you don't have a choice on,
14 but I wonder whether you think the costs of doing that have
15 been worth it in terms of the benefits and has this really
16 been a useful exercise that you undertake.

17 The second question I have which is linked to that
18 is, has it helped for outsiders looking in at your processes
19 to understand what you are up to and why you are doing it
20 and how you allocate your resources and that you are doing
21 your job?

22 I realizes that there are these performance
23 measures, but the question is, has undertaking this exercise
24 helped our stakeholders better understand that we are doing
25 the work and that we are doing the work efficiently?

1 MR. COLLINS: The first question, PBPM cost versus
2 benefit, it's a heavy resource investment initially at the
3 leadership level. Quite frankly, there has to be buy-in at
4 the top and there has to be an alignment of values, and
5 there are a number of facilitated forums that are sponsored
6 by an outside resource that brings you to a consensus view.

7 Some of those views may actually determine that
8 you don't have the right group of people or you don't have
9 the right organizational values to achieve those goals, and
10 you have to be willing to make those adjustments. There are
11 a number of challenges with this not only individually, but
12 in a teaming aspect.

13 Having achieved those, I believe that right now
14 NRR could not go back to the way that we previously did our
15 business. I say that acknowledging that the Commission will
16 eventually provide direction on the strategic plan and the
17 operating plans and the arena conduct, but internally the
18 way that we identify our work and plan and budget for that
19 work and then add and shed resources and activities based on
20 not only what you plan but what emerges, which is a fairly
21 large influence on our workload, there has to be an
22 identified scrutable process that has some consistency among
23 the offices for the arena managers to do their work, because
24 it's a bigger issue than just one program office.

25 Although I am responsible and the leadership team

1 is accountable for the successes within the office, we have
2 interdependencies, and we have resource decisions that are
3 made on an agency basis that prioritize the application of
4 those resources.

5 The benefit, I believe, is there. Early on, and
6 we are talking last May or so of 1998, I believe that Jackie
7 and Roy were probably expending between 60 and 80 percent of
8 their time on this issue, and since then, being the pilot,
9 have had the opportunity to provide input to other offices.
10 We have learned from that. That has been a two-way street.
11 We have learned that we had to go back and adjust our
12 processes and our programs based on further learning by
13 other offices, because you refine this as you go along.

14 It's a credit, I believe, to NRR at the leadership
15 level below the executive level and the staff that we could
16 continue to do the work and achieve these goals while we
17 were implementing this process.

18 That is really at the operating level. We put a
19 heavy burden on our technical assistants. We actually
20 formed that position. During our reorganization we selected
21 all of the section chiefs, and we shuffled the branch
22 chiefs, and we realigned the organization functionally to
23 achieve these goals. So there was a lot going on to align
24 ourselves and align our values to get to where we are today.

25 In summary, it does have a cost. I think ideally

1 it would be done in a more phased manner, but due to the
2 focus and the capabilities and the competency of the people
3 in this office, as in others who achieve the same goal, you
4 could do it commensurate, and the benefit will be long term.

5 Whether we adhere exactly to the terms and whether
6 the executive council and those who make decisions among the
7 arenas choose to use a more sophisticated process such as
8 balancing the priorities from one office to another is yet
9 to be seen, but inherently within this office I think there
10 will always be a benefit from PBPM.

11 CHAIRMAN MESERVE: What about the issue of whether
12 this has helped in dealing with outsiders?

13 MR. COLLINS: I think in the ability to explain
14 our priorities and explain our work it has helped. We
15 haven't done enough of that yet. I believe all of the
16 stakeholders really understand it. We have been to the
17 regions. We have spoken with NEI. We are more focused on
18 our programs because there is so much change in our programs
19 now than we are on how we are making program decisions,
20 because that is an infrastructure issue.

21 The industry and NEI is clearly interested in
22 resource impacts, particularly with deregulation: What is
23 the cost of a licensing review? Does it cost less to review
24 a licensing action which had engineering work than it does
25 for them to contract to actually do the work? Those

1 efficiencies are important to them.

2 The four outcome measures are the best way that we
3 use to express this type of a process: maintaining safety;
4 and then you cascade down through unnecessary regulatory
5 burden, efficiency, effectiveness, realism, and public
6 confidence.

7 You have various constituencies in there. The
8 public confidence issue and working in those various arenas
9 has been a large success not only for NRR but for the
10 agency, to work in those forums. We couldn't get the work
11 done unless we did.

12 Unnecessary regulatory burden and efficiency and
13 effectiveness is harder to explain. In our stakeholder
14 meetings the states are very concerned about the focus on
15 unnecessary regulatory burden. So we always have to be
16 careful that we go through maintaining safety before we get
17 to the other three. We always have to communicate that,
18 because there is legitimate concern about where as a
19 regulatory agency our primary mission is.

20 CHAIRMAN MESERVE: Commissioner Dicus.

21 COMMISSIONER DICUS: Some of your measures for
22 what you have achieved or what you are trying to achieve are
23 quantitative measures. I think you have touched on this in
24 a variety of ways a little bit, but I want to focus on it a
25 little bit more and see specifically if you have some

1 comments you would like to make.

2 Since you have these quantitative measures on
3 achievements, how are you monitoring and evaluating the
4 qualitative nature of what you are achieving?

5 MR. COLLINS: Roy.

6 MR. ZIMMERMAN: I think it's important that we
7 approach it from a couple of standpoints. We need to be
8 very responsive and request information from those
9 stakeholders that are involved in providing us feedback on
10 those items.

11 Some of the areas that we went over in the lessons
12 learned aspects came from that type of feedback that we
13 received, that we now try to feed back into the process to
14 strengthen that.

15 One of the things we need to do again is to be
16 able to be vigilant in getting comments from stakeholders.
17 We also need to recognize that we not allow ourselves to get
18 overly driven by target dates at the expense of quality.

19 We have articulated that over and over again in
20 our expectations in our staff meetings, and expect that as a
21 document goes through concurrence that we are careful to
22 make sure that we are putting out a quality product.

23 Another area that I don't think we have mentioned
24 yet. In terms of areas that we want to move forward in as a
25 learning organization is in the area of self-audits. Much

1 of that has gone on in the last few years. We are not, doing
2 as many self-assessments as we had done in past years. We
3 recognize that, and we look at targeting areas to be able to
4 do self-audits. As we start to build those back into our
5 process, we will be looking at bringing those forward as an
6 important measure associated with our metrics.

7 MR. COLLINS: There is built into some of the
8 processes that we have mentioned some measures that you are
9 searching for. For example, the oversight process. There
10 are risk numbers that are associated with the thresholds
11 that are currently established in licensing actions.

12 We have the ability to prioritize our work once
13 you go through maintaining safety to get to a reduction of
14 unnecessary burden. As part of the licensing task force
15 that we are working with the industry we are engaging them
16 in a forum of, is it possible for you quantify for us the
17 type of regulatory burden that is relieved by this
18 particular licensing action?

19 Some of those are very direct. Risk-informed tech
20 specs would be one. Risk-informed testing or risk-informed
21 inspection would be another. The hydrogen monitoring
22 aspect; the primary sample sink reductions. All of those
23 have a burden attached with the current implementation. If
24 licensees could quantify that, once you get through
25 maintaining safety, then we could prioritize our reviews

1 based on that type of input.

2 I know Commissioner McGaffigan is focused,
3 appropriately so, on you don't lose sight of timeliness, and
4 you don't lose sight of quantity when those measures are in
5 fact appropriate.

6 So as we reach to the four outcome measures and
7 try to quantify our work in those, there will always be a
8 consideration for timeliness and quality.

9 Feedback from public confidence. You can get
10 those through surveys; you can get those through stakeholder
11 involvement. There is internal feedback as far as the arena
12 manager as well as other offices for stakeholders.

13 It's not an easy area. Some of those are
14 self-identifiable. Some of those require us to step out of
15 our box a little bit and go into areas that can be
16 misconstrued, such as our focus on reduction of unnecessary
17 burden versus our safety mandate.

18 Jackie is part of a task force that is looking at
19 the development of our operating plan and those next phases.
20 Our operating plan has an IOU in the column for how you
21 measure these types of things, and we will be working with
22 our internal stakeholders to identify those, and then
23 obviously the Commission will be briefed and engaged before
24 we use them publicly.

25 COMMISSIONER DICUS: Thank you.

1 CHAIRMAN MESERVE: Commissioner Diaz.

2 COMMISSIONER DIAZ: I am going to count on the
3 Chairman giving us a second round, so I am going to be
4 overarching on my first round of questions.

5 I know we are going to get a transcript of this,
6 but I notice that each one of you had some talking points
7 which we didn't have as a backup. It might be worthwhile to
8 get a copy of your talking points when they are fresh in our
9 minds.

10 I notice that a favorite phrase of Mr. Collins has
11 been elevated to a level of a directive or a goal or a
12 standard of NRR as becoming a learning organization. Since
13 it has been elevated to that point, I wonder if Mr. Collins
14 would like to define what a learning organization is and
15 what becoming a learning organization is.

16 MR. COLLINS: I actually can't take credit for
17 that. That was a challenge that was given to us by our
18 external stakeholder, Louie Allenbach. That is one of the
19 characteristics of an organization that is positioned for
20 change.

21 A success measure of an organization's ability to
22 move forward is that you can challenge yourself against your
23 achievements and your values. You feel comfortable in doing
24 that. It's not an individual, personal issue. It's an
25 organizational effectiveness issue wherein we continually

1 strive to have processes to check ourselves. Hopefully we
2 will be able to deal with these shortcomings in our
3 improvements to our programs and our application, but in
4 many cases these are brought to you externally. They can be
5 unintended consequences that you couldn't foresee. Or in
6 fact they are failures in the application of the program or
7 the integrity of the program.

8 Being a learning organization, you use those as
9 examples, and you do what amounts to be root cause
10 evaluations much like we would expect our licensees to do.

11 COMMISSIONER DIAZ: You told me what it does and
12 what it can achieve, but what is a learning organization?

13 MR. COLLINS: I think it's a characteristic. It
14 manifests itself in the way you conduct your business. We
15 are looking for people at the executive level to move down
16 through the organization this characteristic which will
17 identify the failures, out-of-standard conditions, if you
18 will, in an objective way, and come up with an approach of
19 whether there are lessons to be applied, and then implement
20 and test those. That is the only way that we are going to
21 be able to move our programs forward with the infrastructure
22 that we have.

23 COMMISSIONER DIAZ: A comment in the area of
24 semantics. You can always be a learning organization, and
25 we all value learning. We continue to learn. There is a

1 point at which, although you are always situated for change,
2 you want to be a learned organization; you already know what
3 you are doing, you know where you are going, and you are
4 positioned for change.

5 I think three years ago I said that we seem to be
6 always relying on the fact that we are going to have lessons
7 learned. I think a much better position will be to minimize
8 the numbers of lessons learned. Therefore you are in a
9 better steady state positioned for change.

10 I get concerned that people don't think that we
11 always have to be learning. There is nothing wrong with
12 being a learned organization as long as you are willing to
13 learn, and a performing organization is what you just
14 described as an outcome of being a learning organization.
15 So there is a little bit of a problem with semantics.

16 MR. COLLINS: I don't disagree with that. I don't
17 want to learn the same lesson twice. I do believe that in
18 order for us to move forward, because we have different
19 challenges and we are going to have different business, that
20 we will continue to learn.

21 COMMISSIONER DIAZ: Absolutely. There is no doubt
22 about it. However, there is a point at which you want to
23 say I have learned, I can perform, and that is a very
24 important issue.

25 The second simple question, and it just occurred

1 to me that it is outside of what you covered, but I keep
2 being concerned with the efficiencies and effectiveness of
3 the concurrent process that cuts across everything that you
4 do. That is an issue that you probably didn't have time to
5 address today, but I think it is an issue that the
6 Commission is interested in.

7 How is the concurrent process being looked at for
8 efficiencies and effectiveness? It cuts across everything
9 that you do. I know that we have had some issues in the
10 recent past, and maybe in all the past of the agency.

11 Is that being considered as you become a learning
12 and learned organization?

13 MR. COLLINS: This is one case where we probably
14 have learned it more than once. I'm going to ask Roy to
15 address the specifics.

16 If I understand the question correctly, we are
17 looking at what it takes to get the work products done and
18 at what level those work products should be performed at,
19 agreed to, and then finalized, which manifests itself into
20 the concurrence and the approval process.

21 We are moving towards and in some cases we have
22 achieved the formulation of teams for processes and
23 products. Those teams cut across an organization. That is
24 why we realigned last March the way we did, more
25 functionally rather than more technical disciplined.

1 Those teams cut across divisions. The teams, have
2 identified champions, and your champions are responsible for
3 identifying the appropriate level, substance and approval of
4 the product.

5 A lot of that is conceptual right now. We have
6 more work to do. Probably the best example of that is
7 license renewal where Chris Grimes and his team under David
8 Matthews and Scott Newberry essentially matrix across the
9 organization to bring resources to bear on a workload basis
10 to put out these products that are fairly unique for the
11 first two plants.

12 Roy is, in many aspects, the champion. He's the
13 head of the renewal committee. I think we can elaborate on
14 that a little bit if you want more information.

15 MR. ZIMMERMAN: I think what we are striving to do
16 is to use the most optimum process that we have. We have
17 areas where disciplines come out of their individual line
18 organization and find that blend between being a matrix
19 organization or being self-contained. We are continuing to
20 look at that.

21 When we have adequate coverage of an area, we
22 won't hesitate to take people off of concurrence because we
23 feel that it is covered by another person who is doing the
24 review. That does occur in process. Maybe early on
25 somebody who is putting the document together may err on the

1 side of putting down more levels of concurrence. As that
2 document rises through the concurrence chain we will
3 periodically take somebody off of concurrence, because we
4 understand that the way we are organized somebody else's
5 review sufficiently covered that person's work related to
6 that topic.

7 We have also revised our delegation of signature
8 authority procedure to lower the level in the organization
9 for signing out documents. That also has helped to reduce
10 concurrences.

11 Coming at it a little bit differently, we have
12 tried to maintain the sensitivity across offices. We want
13 to make sure that other offices are aware of what we are
14 doing. Sometimes it may be for information only, but
15 sometimes we want to get that heads-up ahead of time before
16 it comes to the Commission or before it comes to the EDO's
17 office. So we may add on some other offices because we feel
18 it's important to be able to work with good knowledge and
19 try to avoid left hand/right hand types of issues. We are
20 sensitive to it.

21 One other aspect is we are trying to move to be
22 more of a knowledge based organization as well as a
23 learning/learned organization. What we are trying to do is
24 standardize our processes.

25 If somebody is working on a power up-rate, that

1 they draw from the experience of others who have been ,
2 through it and are able to put that paper together, taking
3 advantage of not reinventing the wheel, dealing with the
4 issues that are unique, but leveraging the fact that we have
5 been there before.

6 Then, as the document comes through concurrence,
7 flag that to the reviewer to indicate this is similar to
8 plant X that came through the process two months ago, four
9 months ago, with these changes. Draw that reader's
10 attention; remind that next person in concurrence that this
11 is similar, this aspect is different. That helps it move
12 through the concurrence chain more rapidly.

13 It ties back to our work planning center. It will
14 help us be able to build more of that knowledge based
15 learning so that we know where to go to get those documents.

16 MR. COLLINS: Our work planning center and the
17 mapping of these processes that Jackie has mentioned has
18 identified these hand-offs and who is involved in the
19 process, at what level, and how is the process achieved as
20 far as concurrences. We will be glad to share one of those
21 with you.

22 When you look at those, you can see where there
23 can be efficiencies. We are working towards the
24 identification of efficiencies. But this mapping has been
25 very helpful for us to identify those area.

1 CHAIRMAN MESERVE: Commissioner McGaffigan. ,

2 COMMISSIONER MCGAFFIGAN: First, I want to
3 compliment you guys on what you have accomplished over the
4 last year. We have, I think, every month in the Domenici
5 report, which is what it is known as, the monthly report to
6 Congress, kept the deadlines on license renewal issues. We
7 have done well on our licensing actions. We have had a lot
8 to brag about. Improved standard tech spec conversions; the
9 four-loop group went through very, very smoothly.

10 I may be setting you up. I am.

11 MR. COLLINS: I know there is a "but" in here
12 someplace.

13 COMMISSIONER MCGAFFIGAN: I think we have to
14 strive towards continuous improvement. We don't rest on our
15 laurels. I think that is part of whatever a learning
16 organization is.

17 I know this is the NRR program review, but when
18 budgets are presented to us we are thinking about strategic
19 arenas. A lot of the resources for the strategic arena
20 which has the goals and all that are in the regions. So you
21 have very few inspection resources on that chart you showed
22 at the outset, and very few resources for some other things.
23 Drafting operator license exams, initial operator license
24 exams, et cetera. Those aren't here. Those are elsewhere.

25 In terms of thinking across the strategic arena

1 and making trade-offs, it might have been useful to have the
2 whole arena here. That might have been a regional
3 administrator or two. We characterized as the NRR review.
4 You guys have done nothing wrong, but I think it might have
5 helped us understand the strategic arena better if we had it
6 all in front of us.

7 The chart on license renewal you have is already
8 out of date. There is a December 21 letter from Virginia
9 Power that moves North Anna and Surry six months forward.
10 How many more surprises do you expect towards the left on
11 that curve as we go through the next couple of years, and
12 how do you deal with those surprises?

13 MR. ZIMMERMAN: What we will continue to do is
14 have the interaction with NEI in each of our steering
15 committee meetings to talk about the importance that from
16 our planning and budgeting standpoint we need as accurate
17 information as possible.

18 COMMISSIONER MCGAFFIGAN: How different would that
19 curve have looked last year if you had sat here last year
20 and tried to draw it as opposed to this year? Has it moved
21 to the left compared to the last year?

22 MR. ZIMMERMAN: I think it has. From a
23 qualitative standpoint, I think that it has.

24 COMMISSIONER MCGAFFIGAN: There are other
25 surprises that we seem to get. I am heading towards talking

1 about the value of multiyear strategic plans as opposed to
2 the single year. We seem to be getting surprised in that
3 case to the upside.

4 In terms of risk-informed in-service inspection of
5 piping applications we have a large number coming in. The
6 staff, according to some of the press reports, has been
7 surprised at the number of applications after you approved
8 this EPRI generic program.

9 I honestly wasn't surprised. Having been to the
10 NEI forum last May and seeing all the awards being given out
11 to people for in-service inspection and everybody in the
12 industry focusing on this being a real winner in
13 cost-benefit terms, I would have said there are a lot of
14 executives listening to this who are going to ask their
15 folks, why can't I replicate what was done elsewhere?

16 Given that risk-informed submissions are supposed
17 to be high priority in the licensing scheme, is it
18 acceptable to say, well, you've got to many of them and
19 we're not going to be able to accommodate them? Or are you
20 going to have to shift resources from somewhere to deal with
21 20 applications if you get 20 applications and still keep
22 your timeliness goals?

23 MR. ZIMMERMAN: I think there are several aspects
24 to it. We want to be in a position to minimize reactive
25 issues coming to us to the extent we can. We need to

1 interact with the industry at various levels. We need to
2 interact at conferences. We need to interact in the
3 steering committees like we have in license renewal. We
4 need to interact project manager to licensing manager to try
5 to reduce the number of surprises and maintain stability in
6 the planning and budgeting process. We need to have gains
7 in that area.

8 We also need to use the program that we have, the
9 planning, budgeting and performance management process. We
10 think that is an effective way. When there is something
11 that perhaps we should have known but we didn't, or maybe
12 something that is brand new comes our way, before we react,
13 we want to take a look at it. We have our planned
14 activities. We have ranked them against our performance
15 goals. We have confidence in that.

16 We need to go back to that process, take a look at
17 what the lower planned accomplishment activities are and use
18 that process to identify that maybe there are some shifts
19 that need to be made.

20 We will typically go into with the thought process
21 of we want to be able to do it; we want to be able to get
22 there. It may not always be possible to do that, but we
23 need to have a mechanism that is known and predictable, that
24 when we come back and say here is the cost for us taking on
25 this work, we went through our PBPM process, we're familiar

1 with what that process is, and here are the results of, it.
2 Then we make the tough decisions that need to be made. We
3 want to minimize them by getting as much up-front accurate
4 information as we can.

5 MR. COLLINS: We do that in trying to forecast our
6 work on our planning basis, Commissioner McGaffigan. We go
7 out to the utilities and ask them, what are you going to be
8 submitting in the next one to two years? In operator
9 licensing, for example, forecasting the exam load. Jon's
10 team for operator licensing does those for licensing
11 actions.

12 Clearly we would adjust our resources should there
13 be an unanticipated workload in that arena, because that is
14 one of our core products. We can shift those workloads from
15 areas like initiatives, which has an impact on improvements.

16 We have forecasted 4, 4 and 8 for license
17 renewals. We have met the two 4's; the 8, we have three
18 identified. We have a window of 5. We believe that were
19 other licensees to come in, they would be in the out years,
20 not in the forecasted 3-year window.

21 COMMISSIONER MCGAFFIGAN: Technically, by pushing
22 it to September 2001, you said you had high confidence in
23 those numbers, but they are wrong technically. If North
24 Anna and Surry come in in 2001, you now have 6 applications
25 that year instead of 4. It's by one month, but it has a

1 6-month tail in the following fiscal year.

2 MR. COLLINS: Right. We anticipate that there
3 will be some dropping off based on the Calvert Cliffs
4 completion and the Oconee completion.

5 Without getting into that level of detail, we have
6 to be positioned to respond to that. We have an
7 organization plan that has been provided to us by David
8 Matthews and Scott as far as where to go with the
9 organization to position ourselves.

10 It is going to end up to be what I view as an
11 industrial engineering issue. Once the GALL report is out
12 from the first two pilots, you refine the processes.
13 Resources should go from about 22 FTE to one that is
14 significantly less. Then you build into this process the
15 product line that is necessary to do all of these reviews
16 commensurate. We have to identify that, but we know that
17 challenge is in front of us.

18 CHAIRMAN MESERVE: Commissioner Merrifield.

19 COMMISSIONER MERRIFIELD: First, I would like to
20 mirror Commissioner McGaffigan's initial comments. This
21 Commission in the past few years has demanded a lot from its
22 staff and from its management, and it has done so, I
23 believe, because it had the confidence that the staff and
24 the management could get the job done. I think some of the
25 information you provided today in terms of the achievements

1 made by NRR certain underscore that. I want to give my
2 appreciation and thanks for what I think is a job very well
3 done.

4 I've got a few questions. I want to try to get
5 through them quickly, and I am hoping we can have a short
6 dialogue on the questions.

7 I am interested in your perspective, Sam, on the
8 coordination and cooperation between NRR and the Office of
9 Research. Specifically, if you can give me some perspective
10 on how you go about establishing research priorities and
11 comment whether NRR and Research have a shared vision as to
12 the future research needs of the agency.

13 MR. COLLINS: Speaking from the NRR program office
14 and acknowledging that Research, to the extent I can speak
15 to Ashook and Margaret's programs, operates in two forms
16 that really touch on the NRR program office. One is
17 confirmatory research, which is using need driven; the other
18 being anticipatory research, which is forward looking. In
19 that regard, Research takes a fairly independent leadership
20 role in identifying and managing that anticipatory research.

21 We have about 68 user needs, each of those having
22 various tasks, some short, some long, and we have about 10
23 user needs that are in various draft form. So when you wrap
24 it up to a number, it's 68 plus 10 or so specific tasks,
25 each one being composed of sub-tasks in front of Research

1 that drives their workload as far as confirmatory research
2 is concerned.

3 Each of those are pre-negotiated. Brian has the
4 leadership role for operating reactors to work with
5 Research, to identify the priority as far as the program
6 office is concerned, the schedule, and the deliverable for
7 each one of those.

8 Research is put in a fairly difficult position.
9 This workload keeps coming at them from the regulatory
10 program offices. They have to adjust in a very dynamic
11 sense their resources to accommodate those schedules.

12 We owe it to Research to be sure that our
13 priorities are well identified, and that if we reach a point
14 where we are impacting on their ability to provide
15 deliverables or to accomplish their independent role in
16 anticipatory research, then we start to negotiate
17 priorities.

18 Where that line is is up to Ashook and Margaret to
19 identify. Is it 80 percent confirmatory, 20 percent
20 anticipatory? I think that is managed by the operating
21 plan. I don't want to speak for Margaret, but that is an
22 operating plan role similar to what we would have in NRR.

23 Within the past year and a half to two years the
24 confirmatory research deliverables have been very
25 satisfactory.

1 Is there a potential in the future based on the
2 where the industry is that emergent issues, license renewal
3 issues, other technical areas will create tension into how
4 much anticipatory, how much confirmatory, I think the answer
5 to that is probably yes. We are working with them. That is
6 work in progress.

7 We have the Research Review Board which Ashook and
8 Margaret have established. Brian is a primary member that
9 is going to be looking at specific user needs as far as the
10 amount of resources that are necessary to perform it.

11 What is the scope of the user need versus the
12 scope of the work? I think that will, in my own words,
13 instill a sense of urgency as far as accountability for user
14 need products. That is always good. It's good in our
15 organization for licensing actions. I think it's good for
16 any organization to have that kind of accountability.

17 MR. TRAVERS: I should add, if I may, that one of
18 the many roles that Frank Miraglia has as a result of his
19 being in the reactor arena is to monitor just what is
20 happening between those two offices and, if needed, to play
21 a role in the identification of priorities. We certainly do
22 that in the budget role. So there are a number of avenues
23 for him playing a significant role in that interaction as
24 well.

25 COMMISSIONER MERRIFIELD: You touched on the issue

1 of the recent extension request relative to the
2 decommissioning regulations. I would share the
3 disappointment of others that that happened, but I
4 understand the need for the request.

5 Do you think at this point you've got the right
6 leadership focus and the adequate resources necessary to
7 meet the expectations laid out in SECY-99-168?

8 MR. COLLINS: The answer to that today is yes.
9 Clearly there were failures within our organization to
10 identify schedules, particularly contractor schedules and
11 their influence on the product. That is a leadership issue.
12 As you go down through the executive, the leadership and the
13 operating level, that responsibility has cascaded down to
14 program project managers and to the individuals who are in
15 charge of the risk study.

16 COMMISSIONER MERRIFIELD: But going forward, you
17 are comfortable where you are?

18 MR. COLLINS: Going forward, Brian and I have had
19 a meeting. Brian called me at home over the holidays to
20 identify this condition. We identified it immediately to
21 the EDO.

22 Will we do business differently? Yes. Do we have
23 long-term lessons to learn? Yes. But today I believe we
24 have that confidence.

25 COMMISSIONER MERRIFIELD: Recently Dr. Powers from

1 the ACRS commented publicly about the staff being outgunned
2 in the risk analysis of shutdown operations. He did not
3 provide a basis to the Commission for his comments or give
4 what I would say would be an objective evidence to support
5 them. I would like to get your perspective on the staff's
6 capabilities in the area of risk analysis of shutdown
7 operations.

8 MR. COLLINS: First, let me say that we never want
9 to put inspectors in a position where they don't have access
10 to the information that is necessary for them to do their
11 job. That is the program office's role. So it becomes a
12 question of is that information available and do our
13 inspectors in the field have access to the information to do
14 their job?

15 The Commission has given the staff direction on
16 shutdown risk and how far we go in the development of that
17 and the application of that.

18 I believe the ACRS' comments, based on discussions
19 with the ACRS, are really focused towards the aspects of the
20 oversight program.

21 Have we reached a level of maturity where in two
22 applications we can provide a short-term internal number to
23 the residents or the inspectors to evaluate a low power
24 shutdown condition or to evaluate appropriate response to an
25 event? This was brought to light, I believe, by the

1 Waterford event which Ellis and Region IV have wrestled
2 with.

3 In fact, there are two ways to get that
4 information. One is to rely on the licensees, which is
5 essentially in conformance with Commission direction that
6 the industry will take up this mandate, the industry will
7 pursue shutdown low power risk, and we will monitor that and
8 have the benefit of their actions.

9 More directly, internally we have the individuals
10 who are located in the regions who can assess risk in the
11 short term. Those capabilities are limited in shutdown, but
12 they do have those capabilities.

13 Then we have, of course, Research to rely on with
14 the GEM and the SAPHIRE programs as well as Gary and his
15 people.

16 So I don't agree necessarily with that
17 connotation. I understand the issue. I think the issue is
18 approachable and solvable. Clearly, there is a sensitivity
19 there that we went back and looked at, because that is a
20 situation that we never want to have.

21 COMMISSIONER MERRIFIELD: Thank you.

22 CHAIRMAN MESERVE: I promised my colleagues that
23 we would allow a second round of questions. I will do that.
24 In light of the time, the fact that we have an agenda
25 planning session that we are now a little bit late for, I'm

1 not going to pursue any further questions with you at this
2 time. Let me turn to my colleagues.

3 COMMISSIONER DICUS: Very quickly. My second
4 question was actually Commissioner McGaffigan's first
5 question, which had to do with managing emergent work which
6 was on your slide 3. I'm not going to ask a question about
7 it. I think it is an issue. You mentioned that it is
8 something you are dealing with.

9 I don't think you are there yet, because you have
10 been surprised twice, with the in-service piping inspection
11 together with Virginia Power coming in and saying they are
12 going to come in sooner.

13 They actually warned us about that several months
14 ago, when I was down at Surry in September. I felt they
15 were coming in sooner than in fact they were kind of telling
16 us earlier. I think it is an issue you need to really get
17 your hands around.

18 MR. COLLINS: Commissioner, I want to be clear.
19 I'm not sure that I agree with the quantification that we
20 have surprised twice to the extent that it has impacted our
21 ability to do our work. I don't believe that is the case.

22 COMMISSIONER DICUS: It may not, but I think you
23 were not prepared for what was coming in. I think that is
24 pretty obvious from the press reports and the letter that
25 came in. You may be able to deal with it and make those

1 adjustments, but will you always be able to do that? I
2 think that is the point that both of us are trying to get
3 across at this point. What if something else comes in,
4 three or four or five other things. Can you make those
5 adjustments?

6 MR. COLLINS: The answer is yes. That is what our
7 add/shed and PBPM process allows us to do. Will we be able
8 to do it with the existing resources without stopping other
9 work? No. But we will identify that work, and if necessary
10 we will raise it to the arena managers and to the Commission
11 to be sure that we are shedding the right amount of work
12 before we come back and ask for more resources. That is
13 what this process provides for.

14 CHAIRMAN MESERVE: Commissioner Diaz.

15 COMMISSIONER DIAZ: Obviously we are running out
16 of time. I just want to say that I have about 17 questions
17 left. I think it shows the value of this meeting. I
18 appreciate the staff coming prepared. Obviously we need to
19 re-engage in this area, because we still have a series of
20 issues that need to be dealt with.

21 MR. COLLINS: We will be glad to set up a forum
22 for that.

23 COMMISSIONER DIAZ: With that, I'm just going to
24 stop. My learning disability has been raised to another
25 level, and I thank you for it.

1 CHAIRMAN MESERVE: We always think of you as a
2 learned person.

3 Commissioner McGaffigan.

4 COMMISSIONER MCGAFFIGAN: I'm going to try some
5 people's patience. I do want to follow up.

6 Part of my asking about this emergent work and
7 having to adjust to is what does fall off the table. We
8 could get into that.

9 Part of it is we tend to be surprised on the up
10 side, I think. In the last year we were surprised on the up
11 side by the number of operator exams we are going to have to
12 draft, the initial operator exams we are going to have to
13 draft. We have got some additional risk-informed things
14 coming in, license renewal moving to the left.

15 That says you have a lot of adjustments you have
16 to make in any individual year where you are trying to
17 execute your budget which you put together 18 months ago or
18 more when you were trying to budget for the year you are now
19 in.

20 Some stakeholders are asking us to give them
21 detailed resource plans for FY-2005. I tend to think that
22 is a total waste of time, because it would require you to
23 predict labor rates. You might get efficiencies; you might
24 not. I hope you will. I'm all for it.

25 Any number you put in for that year is scientific

1 wild-assed guess. Any number you put in for the number of
2 license applications you are going to get that year, the
3 number of license renewal applications. We are very
4 surprised at the up side in license transfers at the moment.
5 Maybe we shouldn't have been, because we knew restructuring
6 was coming, but now it's real, and now we see just how much
7 workload there is in that area.

8 Partly this isn't a question so much as it is
9 aimed at the audience. Our stakeholders have to tell us how
10 much of this they value. If they value license amendments
11 getting processed in 6 to 8 meetings, whatever your median
12 time is -- your median age is now 4.5 months, but that
13 probably means you are processing a lot in 6 to 8 months.
14 That is something maybe we have to pay for and try to make
15 process improvements. We will be transparent about it.

16 If they want license renewal done in two years, if
17 we improve that, if we can do license transfers in 3 to 6
18 months -- I think that is your goal at the moment -- then
19 there is a bill to be paid. If this is a dynamic industry
20 wanting all these services from us, then there is a budget
21 consequence.

22 How valuable would it be to you to be doing
23 detailed planning for fiscal year 2003, 2004, 2005 when you
24 are trying to deal with the reality of just executing
25 FY-2000 and planning FY-2001?

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1 MR. COLLINS: I will ask Jackie to address that.

2 MS. SILBER: When we do our planning we are
3 looking two or three years out in terms of major areas, what
4 we call vectors, and where we think some of the changes are
5 going to be. As we build something for a year or two ahead
6 we have some sense of where it needs to be taking us. But
7 that is at a very high level. I would think that is the
8 appropriate level once you are going beyond, say, a budget
9 year or a budget year plus one.

10 I agree with you. We do the best we can at a
11 particular snapshot in time in terms of dealing with the
12 detailed level. Even when we are dealing with an 18-month
13 window, we deal with a lot of fact of life changes as we
14 get closer to execution. I think any detailed planning
15 beyond two or three years probably would go through a lot of
16 changes as we get closer to execution.

17 COMMISSIONER MCGAFFIGAN: The tension in the
18 industry is any individual licensee who comes in and sees us
19 thanks us for doing X, Y and Z promptly and well, but then
20 they don't do the summation of what is required for all 103
21 plants to get that level of service and say we are willing
22 to pay for it. There is a disconnect at times. Some of the
23 rhetoric we hear they want our budget to continuously go
24 down, yet they want us to be able to handle this workload.
25 I don't understand it.

1 MR. COLLINS: I think the ability to predict, our
2 product lines and the variables in those is limited. Some
3 of that is just because of the dynamics of our customers and
4 whether they represent a consensus group, a monolithic
5 group. The other is just pure business practices. It's
6 understandable to assume that licensees aren't going to want
7 to forecast where they are going to be and perhaps can't
8 forecast where they are going to be three to five years down
9 the road. So we deal with a very high level.

10 COMMISSIONER MCGAFFIGAN: High level twice by
11 Corbin and Don Hanson.

12 MR. COLLINS: I understand your point.

13 MR. TRAVERS: The strategy that we are employing
14 right now in response to this five year planning obligation
15 is to address it at a rather high level. It is one of those
16 things that we need to address, but that is the strategy we
17 are using.

18 CHAIRMAN MESERVE: Commissioner Merrifield.

19 COMMISSIONER MERRIFIELD: As a learning and
20 learned Commissioner, I am aware of two things. One, not to
21 be drawn into the conflict between learned and learning, and
22 also that given the time where we are, like Commissioner
23 Diaz I have many questions that I would be willing to ask,
24 but in deference to my fellow colleagues, I will withhold.
25 I thank the Chair.

1 CHAIRMAN MESERVE: Thank you very much. We ,
2 clearly are in a very turbulent time in terms of the
3 activities here at the NRC. I think NRR has been, perhaps
4 much to its dismay, at the middle of all of that turbulence.
5 I would like to compliment you on an excellent briefing and
6 also on your success in meeting your goals.

7 With that, we stand adjourned.

8 [Whereupon at 12:00 p.m., the briefing was
9 concluded.]

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CERTIFICATE

This is to certify that the attached description of a meeting of the U.S. Nuclear Regulatory Commission entitled:

TITLE OF MEETING: BRIEFING ON STATUS OF NRR PROGRAMS,
PERFORMANCE, AND PLANS
PUBLIC MEETING

PLACE OF MEETING: Rockville, Maryland

DATE OF MEETING: Wednesday, January 12, 2000

was held as herein appears, is a true and accurate record of the meeting, and that this is the original transcript thereof taken stenographically by me, thereafter reduced to typewriting by me or under the direction of the court reporting company

Transcriber: Mike Paulus

Reporter: Mike Paulus

NRR Program Review

Presented to the Commission January 12, 2000

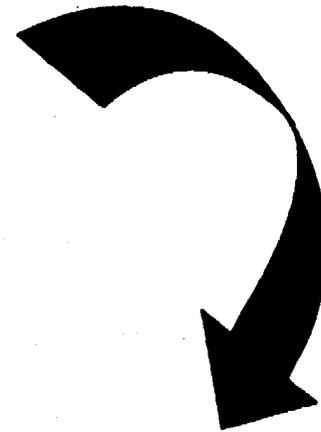
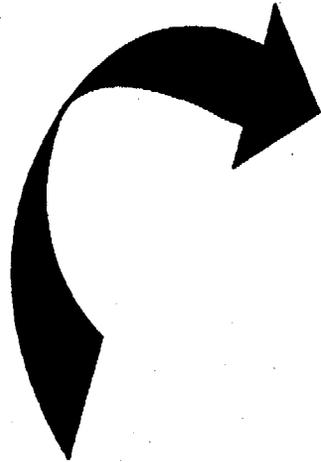
Samuel J. Collins, Director

Process: NRR Program Review Overview: Achieving Change

- **Becoming outcome-oriented**
- **Making our activities more risk-informed**
- **Becoming a learning organization**
- **Topics to be covered:**
 - ▶ **Process-Aligning activities to outcomes**
 - ▶ **Results-Program performance plan measures**
 - ▶ **Challenges for the Future-Program improvements accomplishment and initiatives**

1. Operational Planning

- Effectiveness Review
- Operating Plan
 - Purpose
 - Monitors
 - Metrics
 - Accountability
 - Levels
 - Resource Allocation



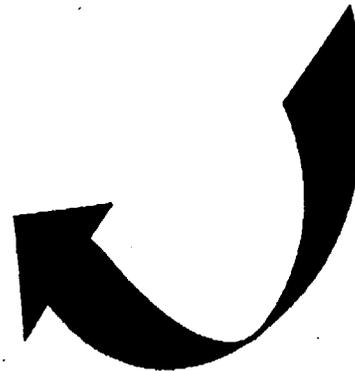
Performance Management Phases at NRR

3. Management Oversight

- Process of reviewing performance data
- Performance data analysis
- Communication about out-of-standard results
- Decision making about emergent work

2. Reporting

- Periodicity
- Levels
 - Executive
 - Leadership
 - Operational
- Formats
- Structure
- Accountabilities for communicating results



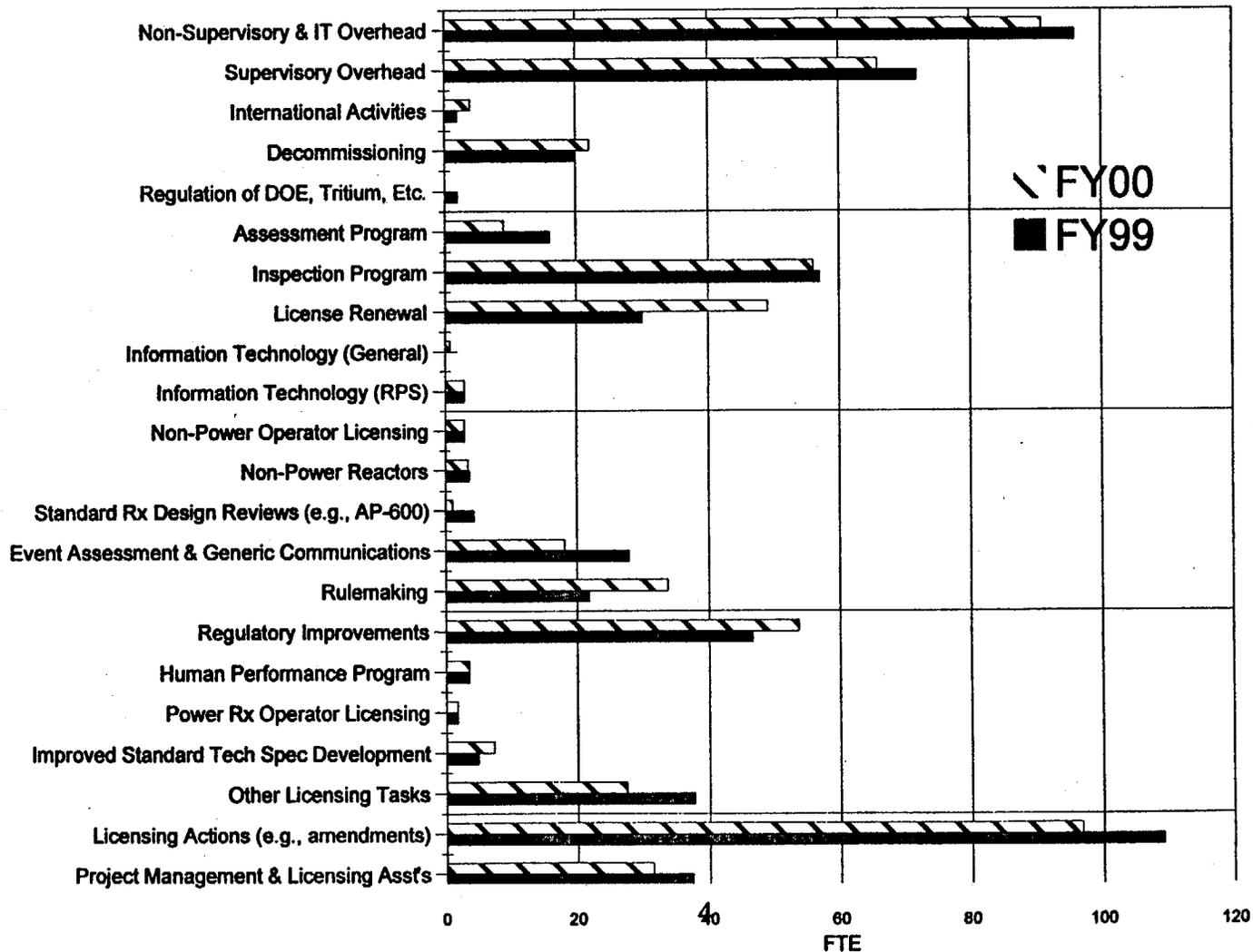
Process: Aligning Activities to Outcomes

Centralized Work Planning Initiative

- Work planning responds to identified need to:
 - ▶ Better predict workload
 - ▶ Better predict resources required
 - ▶ Better manage emergent work
- Takes a pro-active, business planning approach to NRR's work
- Involved external benchmarking
- In early implementation phase

Results: Aligning Activities to Outcomes

Resource Trend Overview



Results: Program Performance Plan Measures

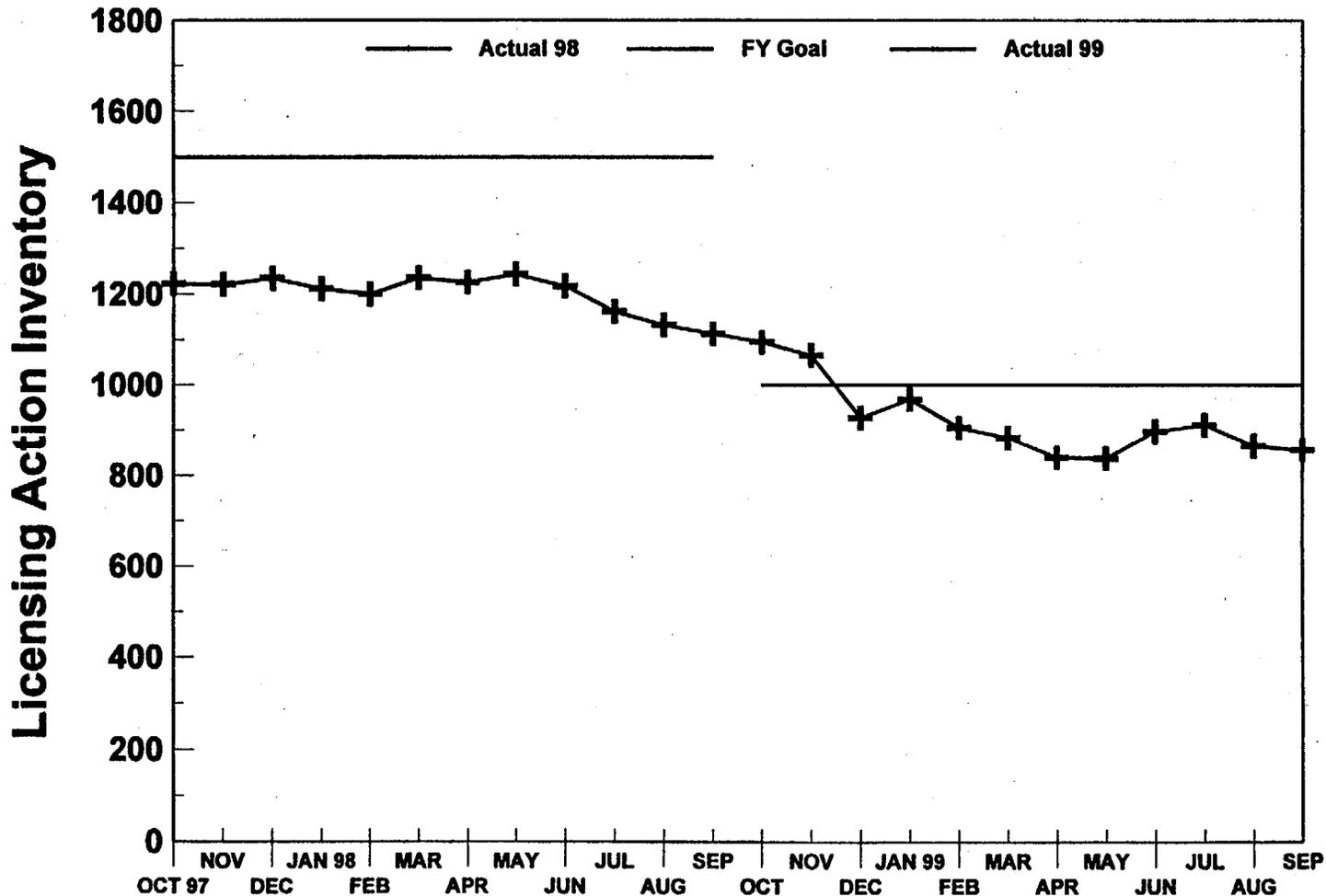
Licensing

- FY 99 performance plan measures met
- Significant success in meeting age goal for licensing actions
- FY 2000 targets should result in continued improvements in licensing inventories

Program Performance Plan Measures

Nuclear Reactor Safety - Reactor Licensing

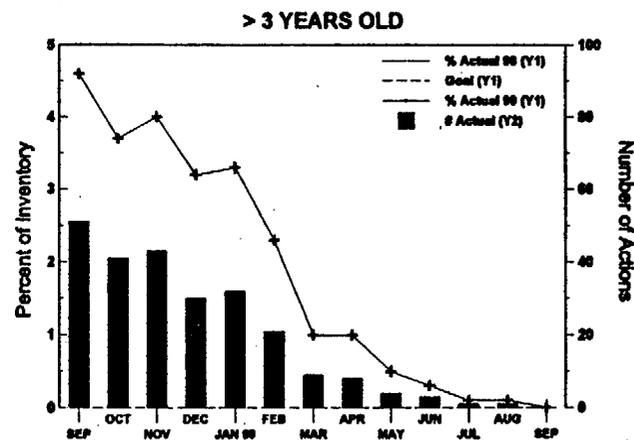
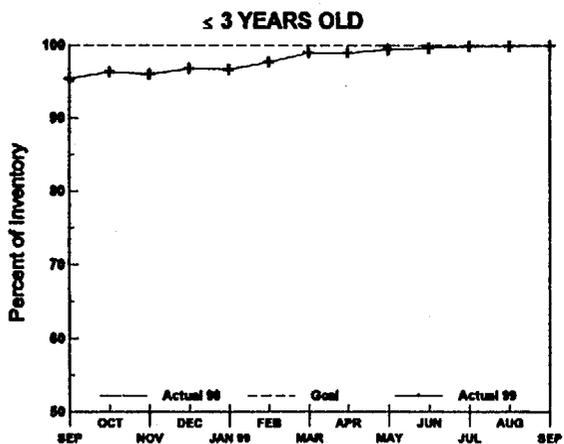
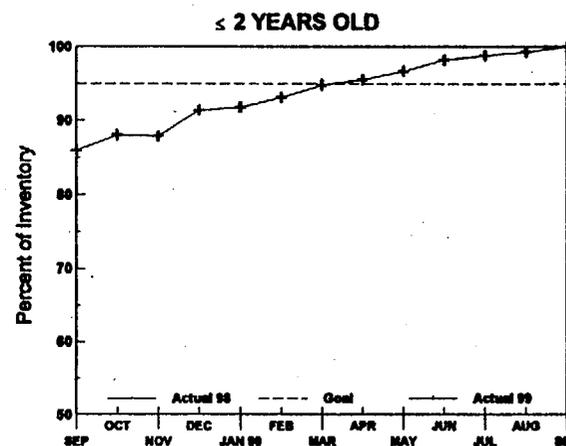
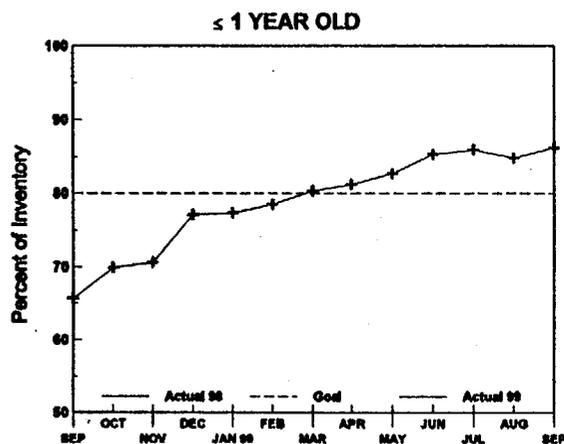
Performance Plan Target: Licensing Action Inventory ≤ 1000



Program Performance Plan Measures

Nuclear Reactor Safety - Reactor Licensing

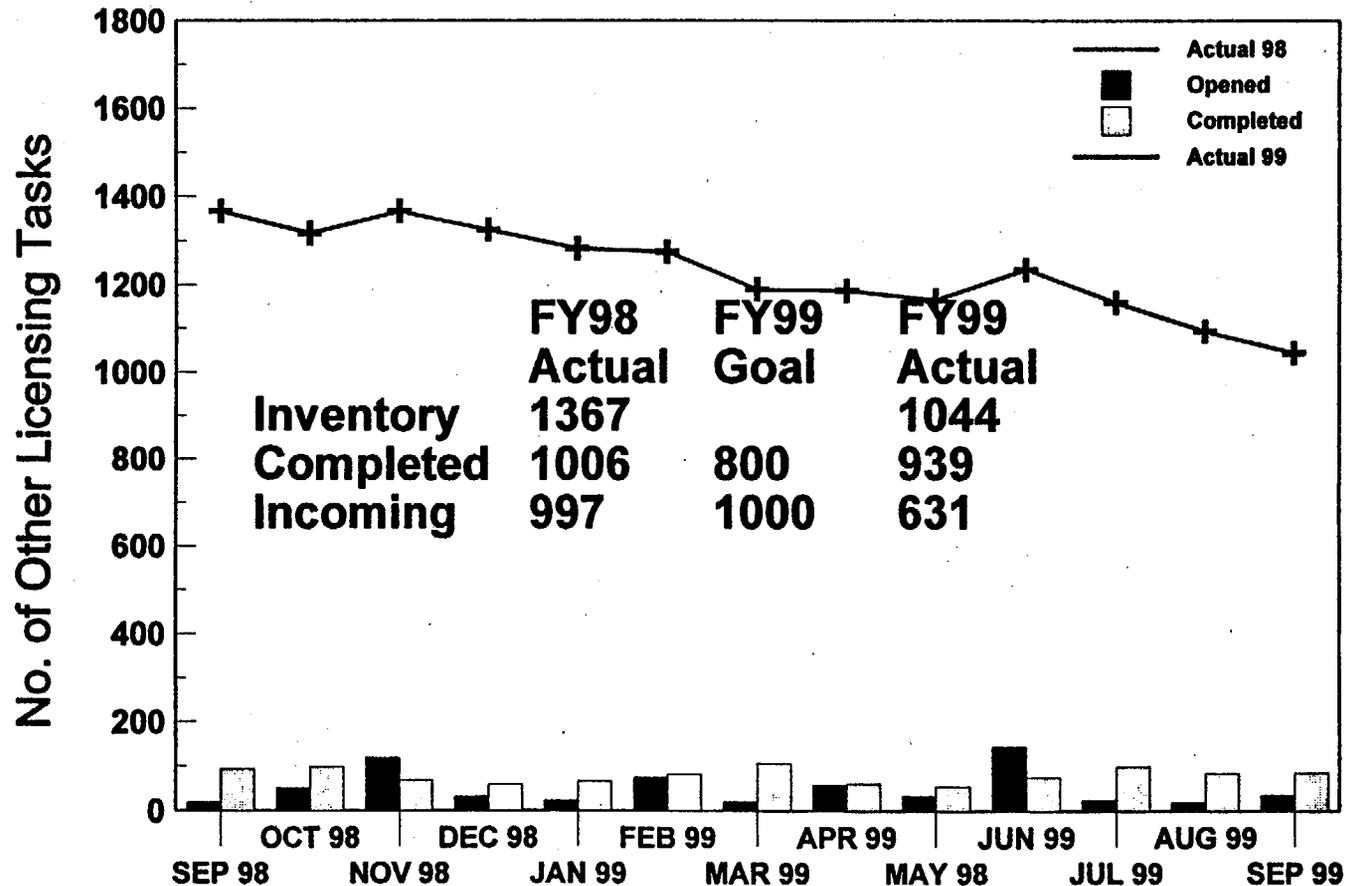
Performance Plan Target: 80% ≤ 1 year, 95% ≤ 2 years, 100% ≤ 3 years



Program Performance Plan Measures

Nuclear Reactor Safety - Reactor Licensing

Other Licensing Tasks Inventory

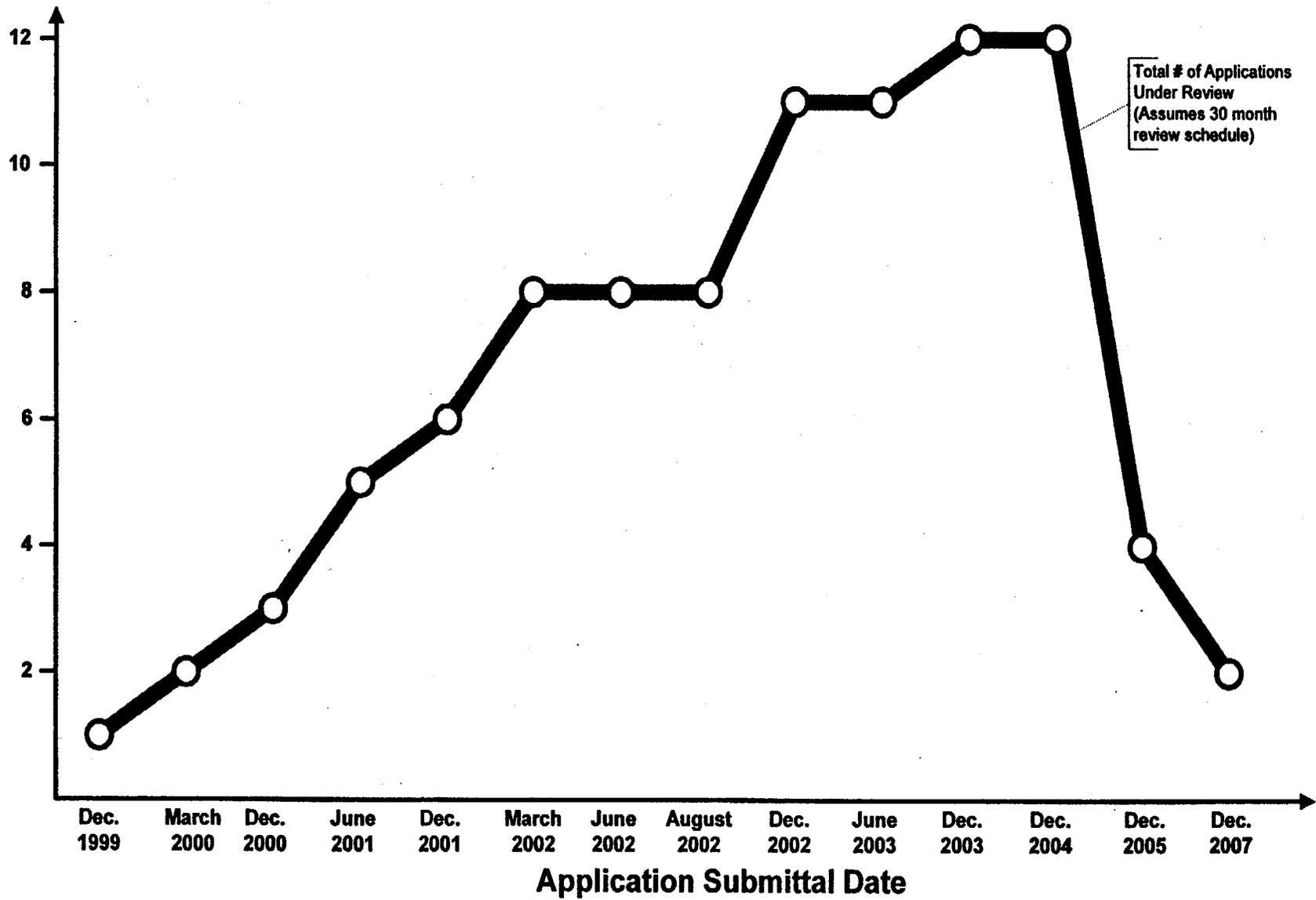


Results: Program Performance Plan Measures

License Renewal

- Met FY 99 measure for renewal application review milestones for Calvert Cliffs and Oconee
 - ▶ Two applications expected for FY 00
- Increasing interest in license renewal
- High level waste transportation addressed generically in FY 99
- Expect continued resolution of generic renewal issues in support of implementation guidance development

FUTURE PLANT LICENSE RENEWAL APPLICATIONS



Results: Program Performance Plan Measures

Inspection and Performance Assessment

- FY 99 performance plan measures met for key inspection and reactor performance assessment areas
- Revised oversight process
 - ▶ Pilot program implementation ongoing
 - ▶ Program monitoring to ensure consistency
 - ▶ Ongoing outreach involvement of NRC staff
 - ▶ Significant and frequent stakeholder interactions
 - ▶ Expected initial implementation at all sites in April 2000
 - ▶ Complete assessments of first year of initial implementation-Summer 2001

Challenges: Program Improvement Initiatives

- **Improvements to Licensing Processes**
- **2.206 Petition Process**
- **Licensing Action Task Force (LATF) Improvements**

Challenges: Program Improvement Initiatives

- **Improvements to Regulatory Activities**
- **RIP 50 Initiative**
- **Improvements to Decommissioning Activities**
- **Comprehensive review of safeguards regulations**

NRR Program Review

Summary

- Organization moving towards
 - ▶ Becoming more outcome-oriented--NRR 2000
 - ▶ Becoming a learning organization

- Making our activities more risk-informed
 - Pace of Risk-informing is evolutionary
 - Basis has to be cost-effectiveness