



SECRETARY

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

September 15, 2016

COMMISSION VOTING RECORD

DECISION ITEM: SECY-16-0075

TITLE: PROPOSED MERGER OF THE OFFICES OF NEW REACTORS
AND NUCLEAR REACTOR REGULATION

The Commission acted on the subject paper as recorded in the Staff Requirements Memorandum (SRM) of September 15, 2016.

This Record contains a summary of voting on this matter together with the individual vote sheets, views and comments of the Commission.

A handwritten signature in dark ink, appearing to read "Annette Vietti-Cook", written over a horizontal line.

Annette L. Vietti-Cook
Secretary of the Commission

Enclosures:

1. Voting Summary
2. Commissioner Vote Sheets

cc: Chairman Burns
Commissioner Svinicki
Commissioner Baran
OGC
EDO
PDR

VOTING SUMMARY – SECY-16-0075

RECORDED VOTES

	<u>APPROVED</u>	<u>DISAPPROVED</u>	<u>ABSTAIN</u>	<u>NOT</u> <u>PARTICIPATING</u>	<u>COMMENTS</u>	<u>DATE</u>
Chrm. Burns	X				X	08/16/16
Cmr. Svinicki	X				X	09/13/16
Cmr. Baran	X				X	07/07/16

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary

FROM: Chairman Burns

SUBJECT: SECY-16-0075: PROPOSED MERGER OF THE
OFFICES OF NEW REACTORS AND NUCLEAR
REACTOR REGULATION

Approved Disapproved Abstain Not Participating

COMMENTS: Below Attached None

Entered in STARS

Yes

No




Signature
10 August 2016

Date

Chairman Burns Comments on SECY-16-0075
“Proposed Merger of the Offices of New Reactors and Nuclear Reactor Regulation”

I appreciate the staff's presentation of a business case for the future merger of the Office of New Reactors (NRO) and the Office of Nuclear Reactor Regulation (NRR). I approve the staff's plan to consolidate the two offices, but I do not support the proposal to proceed without a specific target date for the merger. Setting a specific date for the merger is necessary to develop a comprehensive project plan that considers all areas that will be impacted including, personnel staffing, office space needs, and work process changes that are necessary. Further, I believe that the uncertainty of when organizational shift will occur could exacerbate the anxiety of staff who are already concerned with changes that are expected to occur with constrained fiscal budgets and other agency initiatives.

I agree with Commissioner Baran that based on the anticipated workloads in the coming years, completing the merger of NRO and NRR by the end of fiscal year 2020 is a reasonable target and the staff should plan to complete the consolidation of the two offices by September 30, 2020.



Stephen G. Burns
10 August 2016

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary
FROM: COMMISSIONER SVINICKI
SUBJECT: SECY-16-0075: PROPOSED MERGER OF THE OFFICES OF NEW REACTORS AND NUCLEAR REACTOR REGULATION

Approved XX Disapproved _____ Abstain _____ Not Participating _____

COMMENTS: Below _____ Attached XX None _____



SIGNATURE

09/ 13 /16

DATE

Entered on "STARS" Yes No _____

**Commissioner Svinicki's Comments on SECY-16-0075
Proposed Merger of the Offices of New Reactors and Nuclear Reactor Regulation**

I approve the recommendation to merge the Offices of New Reactors (NRO) and Nuclear Reactor Regulation (NRR) by subsuming all or most of NRO into the existing NRR organization. I agree with my Commission colleagues that the Commission must set a deadline for the accomplishment of this reorganization but disagree that NRO has sufficient work to exist as a standalone office until September 30, 2020. Instead, I align entirely with the vote of former Commissioner Ostendorff (cast prior to ending his term of service in June of this year) that the merger be fully effectuated no later than September 30, 2019. I attach a copy of his vote commentary with my vote, so that it may become a part of the record on this matter.

In his vote, former Commissioner Ostendorff noted: "With regard to NRO, the new reactor workload has reduced significantly since . . . 2010. At that time, the staff was reviewing sixteen combined license applications for twenty-eight new units. Four of these reviews were completed, and combined licenses were issued for seven units. However, about half of the twenty-eight applications have been withdrawn or suspended at the request of the applicant. This leaves four applications for seven units under review, and **these reviews are scheduled to be completed within a year**. Since 2010, the NRC has also completed the AP1000 and ABWR design certification amendments and the ESBWR design certification. We are scheduled to receive only one application for a small modular reactor design certification (NuScale) in the next few years, and realistically we are still several years away from any non-light water reactor applications." (emphasis added)

The alternative advanced by my colleagues, to undertake this merger in Fiscal Year 2020, would essentially maintain the overhead of an entire NRC office to carry out the review of two design certifications, one early site permit, and a limited amount of licensing work related to the construction of new units (the construction inspection of which is carried out by Region II, not NRO). Justifying sustaining an entire program office to carry out this modest amount of work is unlikely. If the offices are not formally merged by the time the work has diminished to this level, I suspect that budget realities will have merged them for us in all but name. A budget commensurate with that amount of work would not provide sufficient funds to support the overburden of an entire office. Funding the SES positions alone would likely be insupportable. As a comparison, I would note that the merger of NMSS and FSME, which was arguably a more discretionary undertaking than the merger of NRO into NRR, allowed for a reduction from 18 to 10 SES positions post-merger.

Other conclusions of the Review of the Reorganization of the Office of Nuclear Material Safety and Safeguards (see SECY-15-0169) provide noteworthy parallels here. There, the staff concluded "that the merge between FSME and NMSS did not present unmanageable challenges in accomplishing the workload." Staff also solicited input on the merge from external stakeholders and noted "[n]one of the stakeholders saw any differences" and that "[o]ne stakeholder also offered that having one office director is an improvement and allows for synergy and improvements in communication." Moreover, this merge further aligned the agency's SES ratios with broader government norms, as noted above.

Indeed, such improvements are among the staff's conclusions in support of moving forward with the NRO merge into NRR. The staff notes: "Reduced workloads and declining agency budgets in coming years are expected to require reduction in staffing levels. The merger of NRO and NRR can . . . support decreasing staffing levels by reducing duplication and overlap of functions.

. . . The consolidation will also further enable the sharing of staff between the two business lines, so that the agency has the right staff in the right place at the right time.”

The staff further points out the ease of some elements of the merger in observing that “[t]he parallels in organizational structure for NRO and NRR reflect the similarities in technical and regulatory functions and the common history shared by the two offices. . . . Several pairs or groups of divisions align well between NRR and NRO and could be consolidated relatively easily.” The staff goes on to identify nine divisions out of an existing 15 that can be easily merged.

Additionally, the staff points out the progress that can be made through the merger in increasing the NRC’s staff-to-supervisor ratio: “A reduced number of supervisors . . . provides flexibility within a budgeted office size to perform additional staff activities. . . . [T]he merger when implemented could result in significant reductions of both SES and non-SES supervisory staff when compared to the existing organizations.”

To demonstrate our confidence in the staff’s progress towards the goals of Project Aim, the Commission should set a target date for completion of this merger reflective of existing externalities; namely, declining workload. There will not be sufficient work, nor attendant funding, to support an Office of New Reactors beyond the next 18 to 24 months. Prolonging the transition may be a disservice to the current employees of NRO who are performing at the highest levels of professionalism as they complete the remaining combined license reviews. They deserve to have a clear path to their futures as a part of the merged organization and greater certainty on what awaits them, and they deserve it sooner rather than later.



Kristine L. Svinicki 13 September 2016

**Commissioner Ostendorff's Comments on SECY-16-0075,
"Proposed Merger of the Offices of New Reactors and Nuclear Reactor Regulation"**

I appreciate the staff's paper on the NRR and NRO merger. Though I will soon be leaving the NRC when my term ends June 30, I want to communicate my views on certain aspects of the paper.

First, I will address future workload considerations. With regard to NRO, the new reactor workload has reduced significantly since I arrived at the NRC in 2010. At that time, the staff was reviewing sixteen combined license applications for twenty-eight new units. Four of these reviews were completed, and combined licenses were issued for seven units. However, about half of the twenty-eight applications have been withdrawn or suspended at the request of the applicant. This leaves four applications for seven units under review, and these reviews are scheduled to be completed within a year. Since 2010, the NRC has also completed the AP1000 and ABWR design certification amendments and the ESBWR design certification. We are scheduled to receive only one application for a small modular reactor design certification (NuScale) in the next few years, and realistically we are still several years away from any non-light water reactor applications.

Similarly, with regard to NRR, the number of operating reactors is decreasing. Five units prematurely shut down over the last three years and another seven units are slated for closure in the next three years. Just today, Pacific Gas and Electric announced that they are no longer seeking to renew the operating license for Diablo Canyon and will close the facility in 2025.

Second, I will address the office differences referenced in the paper. I agree that some differences exist and that a merger of the two offices would address the offices' occasionally divergent approaches in a manner that is consistent with our Principles of Good Regulation. Among the relevant differences I see are the technical approaches to addressing flooding hazards and digital instrumentation and control.

Third, I understand the concern that there may never be a good time to merge. But I do not see value in the Commission's approving a merger in concept without an accompanying target date for an actual merger. Concrete dates are necessary to allow the NRC to properly plan for personnel staffing (e.g., future SES succession planning), budget formulation, and office space requirements. None of these can be effectively accomplished without a concrete timeline.

It is under this backdrop that I vote to approve the reorganization plan to merge NRR and NRO. The merger should begin by October 1, 2018, and the merger should be fully implemented no later than September 30, 2019. This allows ample time to conduct a smooth and thoughtful transition and to factor the merger into the FY19 budget request, succession planning, and future SES candidate decisions. The Directors of the NRR and NRO should consider opportunities to commence merger activities prior to the beginning of FY19.

In formulating the merger plan, the staff should not limit itself to prior or current organizational structures (i.e., the NRR organization prior to establishing NRO or the current NRO and NRR organization). Rather, the EDO and Office Directors should take a strategic look at where the work is and will be and start with a clean slate.

If facts change such that there is a significant increase in the projected new reactor workload, the staff should inform the Commission of any impacts to the transition plan and should request a change to the merger schedule, if necessary.

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary
FROM: Commissioner Baran
SUBJECT: SECY-16-0075: PROPOSED MERGER OF THE
OFFICES OF NEW REACTORS AND NUCLEAR
REACTOR REGULATION

Approved XX Disapproved _____ Abstain _____ Not Participating _____

COMMENTS: Below _____ Attached XX None _____

Entered in STARS

Yes XX

No _____



Signature

7/7/16

Date

**Commissioner Baran's Comments on SECY-16-0075,
"Proposed Merger of the Offices of New Reactors and Nuclear Reactor Regulation"**

This policy paper asks the Commission to approve a plan for the merger of the Office of New Reactors (NRO) and the Office of Nuclear Reactor Regulation (NRR) at a time determined to be appropriate by the Executive Director for Operations. Based on the business case for merging the offices developed by the staff, my conversations with senior managers, and workload projections shared with the Commission, I agree with the staff that it is reasonable to proceed with a merger.

According to the paper, "uncertainties associated with future workloads preclude, at this time, determining when a merger would be appropriate." I appreciate these uncertainties, particularly in light of the significant changes underway with the Project Aim effort. But I think it is important to set a target date for completing the NRO-NRR merger based on current workload and staffing projections. Establishing a target date for the merger will facilitate agency planning and provide a degree of certainty for the hundreds of affected employees in both offices.

Based on my conversations with the Office Directors of NRR and NRO and other senior managers about the anticipated workloads in the coming years, completing the merger of NRO and NRR by the end of fiscal year 2020 is a reasonable target. Fiscal year 2019 would be a challenging time to effectuate the merger because NRO expects to be working on several design certification rulemakings, examining two combined license applications, and overseeing the completion of the construction of the AP1000 reactors at Vogtle and Summer. Therefore, the staff should plan to complete the consolidation of the two offices by September 30, 2020.

However, I believe it is important to provide senior managers with the flexibility to modify this target date if circumstances change. By September 30, 2019, the staff should submit an information paper to the Commission either (1) confirming that the staff will complete the merger by the September 30, 2020, target date or (2) explaining why this target date is impractical and establishing a revised timeframe for completing the merger.