UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

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BRIEFING ON PROJECT AIM

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FRIDAY,

FEBRUARY 17, 2017

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ROCKVILLE, MARYLAND

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The Commission met in the Commissioners' Hearing Room at the Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, at 9:29 a.m., Kristine L. Svinicki, Chairman, presiding.

COMMISSION MEMBERS:

KRISTINE L. SVINICKI, Chairman

JEFF BARAN, Commissioner

STEPHEN G. BURNS, Commissioner

ALSO PRESENT:

ANNETTE VIETTI-COOK, Secretary of the Commission

MARGARET DOANE, General Counsel

NRC STAFF:

VICTOR McCREE, Executive Director for Operations

ERIC BENNER, Deputy Director, Division of Operating

       Reactor Licensing, Office of Nuclear Reactor

       Regulation

SCOTT FLANDERS, Director, Division of Site Safety

       and Environmental Analysis, Office of New

       Reactors

JENNIFER GOLDER, Associate Director for Human

       Resources Training and Development, Office of

       the Chief Human Capital Officer

ROBERT LEWIS, Assistant for Operations, Office of

       the Executive Director for Operations

MARIA SCHWARTZ, National Treasury Employees Union

MAUREEN WYLIE, Chief Financial Officer

1   P R O C E E D I N G S

2   9:29 a.m.

3   CHAIRMAN SVINICKI: Well, good morning again,

4   and I welcome all of our smiling, energetic NRC panelists here, and we

5   gather this morning for the purpose of updating the Commission and all

6   interested stakeholders in the room and tuning in on the progress of

7   Project AIM implementation and related matters.   Project AIM has

8   been another journey.   Yesterday, we were examining the -- the year -

9   - six-year-long journey since the accident in Fukushima and the

10   agency's actions, but Project AIM has been a multi-year endeavor

11   where we are seeking to continue to achieve greater organizational

12   efficiency and effectiveness in our regulatory decision-making and

13   activities while accomplishing our important safety and security mission,

14   so we look forward to hearing the update today, and we will follow that

15   with some Q&A.

16   Before we begin with the staff presentation, do either

17   of my colleagues have any comments?

18   (No audible response.)

19   CHAIRMAN SVINICKI: Okay.   Well, I will turn it over

20   to Mr. McCree to get started, or Maureen.

21   MR. McCREE: Maureen is going to start.

22   CHAIRMAN SVINICKI: Okay, great.   Thank you.

23   MS. WYLIE: Good morning, Chairman Svinicki,

24   Commissioner Baran, and Commissioner Burns.   It is my pleasure to

25   be here today with my colleagues to provide you with an update on the

1   progress of Project AIM implementation and to describe some of the

2   activities the staff has taken toward fulfilling the goals and tasks set forth

3   by Project Aim.

4   First, a little historical context: we started Project AIM

5   in June 2014 with the purpose of enhancing the NRC's ability to plan

6   and execute the agency's mission more efficiently while adapting in a

7   timely and effective manner to a dynamic environment. The first step

8   was to understand our future workload, and to do so, we gathered

9   perspectives from internal and external stakeholders.

10   We identified gaps, obstacles, and areas needing

11   improvements. We evaluated the results of the gap analysis, root

12   causes, and developed strategies to close the gaps from where we

13   were in 2014 to a desired state for the agency. Subsequently, we

14   provided the team's report with recommendations and a roadmap to

15   improve the NRC's effectiveness, efficiency, and agility.

16   The Commission approved 19 tasks focused largely

17   upon right sizing the agency while retaining the skill sets needed to

18   accomplish our mission; streamlining our agency processes to use

19   resources more efficiently; and improving timeliness in regulatory

20   decision-making and responding quickly to changing conditions.

21   Since your direction on the Project AIM report and --

22   we have worked diligently to implement the 19 activities associated with

23   Project AIM, and we have done significant outreach internally and

24   externally to keep all stakeholders informed of our progress.   In our last

25   briefing to you in July of 2016, we reported on the completion of 10 of

26   the 19 tasks, including our status implementing the 150 approved

1   rebaselining adjustments.

2   Today, I am glad to report that since then, we have

3   completed the nine additional Project AIM tasks, with the most recent

4   delivery of the staff's assessment of the operating reactor licensing

5   process, business process improvements, and a reexamination of a

6   leadership model for the NRC.

7   We are now in a normal implementation phase of many

8   of the activities stemming out of the Project AIM tasks, and while we

9   have completed all of the discrete tasks, we continue to seek efficiency

10   within our corporate and mission support functions with follow-up

11   studies in those areas in the spirit of Project AIM.   We also continue to

12   infuse the overarching goals of becoming a more efficient, effective, and

13   agile regulator into the additional efforts to further streamline our

14   agency processes, improve timeliness in regulatory decision-making,

15   and enhance our strategic workforce development planning.

16   As we implement your direction on fees transformation,

17   we have made significant progress on our proposed changes for 2017,

18   with six of the 14 actions completed, and with additional budget

19   transparency included when the 2018 congressional budget justification

20   will be delivered to you, and our successful public meeting on the 2017

21   proposed fee rule was the earliest ever, with our proposed rule being

22   two months earlier than ever published.   So next slide, please.

23   Today's discussion will highlight several of the

24   completed tasks as well as various follow-on efforts.   We will start

25   today's presentations with Eric Benner, the Deputy Director, Division of

26   Operating Reactor Licensing in the Office of Nuclear Reactor

1   Regulation.   Eric will discuss operating reactor licensing process

2   improvements.

3   Then, Scott Flanders, Director, Division of Site Safety

4   and Environmental Analysis in the Office of New Reactors, will provide

5   an update on the implementation of Centers of Expertise.   Scott will be

6   followed by Jennifer Golder, Associate Director of Human Resource

7   Training and Development in the Office of the Chief Human Capital

8   Officer.   Jennifer will provide an update on the agency Learning

9   Transformation Initiative.

10   Jennifer will be followed by Rob Lewis, the Assistant

11   for Operations in the Office of EDO.   Rob will provide an update on

12   several implementation activities, including a more detailed overview of

13   implementation of rebaselining and a summary of the recently

14   completed tasks, as well as ongoing initiatives that carry out the tenets

15   of Project AIM.   And then finally, we will hear -- we will end with some

16   closing remarks from Vic.

17   Thank you very much, and I will now turn the

18   presentation over to Eric Benner.   Eric?

19   MR. BENNER: Good morning, Commissioners.

20   Can I get my slides up?   Next slide.   Okay.

21   One of the congressional budget justification, or CBJ,

22   metrics for reactor licensing is to complete at least 95 percent of

23   licensing actions within one year.   Timeliness of completing licensing

24   actions is a -- is important because it demonstrates a predictable

25   licensing process and allows licensees to effectively schedule when

26   they need to submit requests.

1   After we redirected resources in 2013 to support

2   Fukushima response, we only completed 87 percent of our licensing

3   actions within one year in 2014, and thus did not meet the CBJ metric.

4   The number of actions older than one year peaked at 112 in November

5   2014, at which point we undertook concerted efforts to reduce the

6   number of older actions, including reassignment of staff, use of

7   contractors, and a number of process improvements which I will discuss

8   later in my presentation.   Next slide, please.

9   As a result of these efforts, we reduced the number of

10   actions greater than one year old to 32 at the end of 2015, and to just

11   10 at the end of 2016. We would like to recognize the efforts of our own

12   staff and our partners in NRO, NSIR, and OGC for making this happen.

13   Consequently, we met the CBJ metric for 2016 and are maintaining the

14   number of actions greater than one year old low enough that we expect

15   to meet it for 2017 and beyond.

16   Additionally, in 2015, we implemented a goal to

17   increase our performance by 2 percent per year until the CBJ metric

18   was met, so we anticipated that would have been completed by 2018,

19   but we actually achieved it two years sooner.   The chart -- get the chart

20   back up -- shows this progression graphically.   I note that prior to the

21   increase in these older actions, typical numbers hovered in the -- the

22   high 20s, whereas now we hover around 10.   I also note that from 2015

23   to 2016, we reduced the average time it takes to complete a licensing

24   action by approximately two months.   Next slide, please.

25   So going back to what we did to improve our

26   performance, in November 2014, we began holding executive team

1   workload management meetings once a month, and leadership team

2   workload management meetings twice a month. In these meetings,

3   we focused on progress of licensing performance restoration activities,

4   identification and resolution of obstacles, and lessons learned from

5   recent complex and challenging reviews.

6   In January 2015, we issued additional guidance to

7   reinforce the expectations and existing procedures and emphasize

8   several key items, including ensuring that our workload management

9   system dates reflected realistic schedules to support workload

10   forecasting; drafting safety evaluations early in the process with

11   information needs correlating to requests for additional information, or

12   RAIs, to ensure that the information we were requesting was necessary

13   to make a regulatory determination; ensuring greater division

14   management focus on RAIs, particularly second-round RAIs; and lastly,

15   initiating early division management engagement on differing views or

16   potential denials of licensing actions.   Next slide, please.

17   In April 2016, we issued revised guidance based on

18   lessons learned to improve efficiency of the licensing process regarding

19   considering other tools such as audits or public meetings in lieu of

20   second-round RAIs when those tools could support more efficient and

21   timely resolution of outstanding technical issues; streamlined

22   processing of grouped or particularly complex submittals, enhancing

23   communications to ensure timely identification of issues that could

24   warrant non-acceptance; and leveraging the license amendment denial

25   process to hold licensees accountable in providing timely, complete

26   responses to RAIs.

1   We started several initiatives specifically targeting

2 areas where improvements could enhance the licensing process.

3 Specifically the initiatives were to: (1) improve acceptance reviews

4 and licensing procedures, resulting in us issuing revised procedures in

5 January of this year, which adopted and expanded on the revised

6 guidance I just mentioned, (2) improve regulatory decision-making, and

7 (3) evaluate information needs for conducting licensing reviews. I will

8 discuss Items 2 and 3 on the next slide.

9   In October 2016, we deployed a new workload

10 management platform called Replacement RPS which offers more

11 flexibility and will aid in processing and managing licensing activities.

12 We also interacted with industry with the goal of improving licensing

13 performance and consistency. Specifically, we issued Regulatory

14 Issue Summary 2015-16 seeking input from reactor licensees regarding

15 licensing actions predicted to be submitted over the next two years.

16   Industry provided feedback that they can't reliably

17 predict licensing workload beyond a year, so we do not intend to issue

18 another RIS. However, we now have our project managers obtain

19 updates through their routine interactions with licensees and have

20 created a database of this information, which we can use to plan

21 resources for critical skill areas and for prioritizing licensing activities.

22   We also sent a letter to all operating power reactor

23 licensees in August 2016 to communicate that licensing performance

24 had returned to normal and what they should expect from their project

25 managers, such as encouragement to have pre-application meetings

26 on complex or first-of-a-kind reviews. Next slide, please.

1   As I mentioned in the last slide, we have two additional

2   initiatives ongoing in this area.   The first is to improve regulatory

3   decision-making, which has resulted in development of a new Timely

4   Evaluation and Resolution Process, or TERP, which was available for

5   draft use until the end of last year, and which we are currently finalizing.

6   The second is to evaluate what information is necessary to demonstrate

7   reasonable assurance in licensing reviews, which has resulted in

8   development of concept of using structured multi-level guidance for

9   large routine reviews.   We are piloting this concept this year before

10   expanding its use.

11   We are also preparing to manage increased numbers

12   of risk-informed license amendment requests, such as submittals under

13   10 CFR 50.69, by working with industry on amendment templates,

14   identifying   dedicated   review   teams,   and   conducting   periodic

15   management status meetings.   We also plan to reassess on an

16   ongoing basis the need for more diagnostic looks into the licensing

17   process and individual licensing actions based on actual performance.

18   As an example, we are currently conducting an audit of recent RAIs to

19   validate whether they are following our revised guidance.   Next slide,

20   please.

21   To support sustained high licensing performance, we

22   established the following additional internal metrics for 2017: (1) greater

23   than or equal to 90 percent of actions completed within 125 percent of

24   hours forecasted, (2) greater than or equal to 90 percent of actions

25   completed within the schedule forecasted plus one month, and (3)

26   greater than or equal to 95 percent of acceptance reviews completed

1   on time.

2   The purpose of the first metric, resource estimate

3   adherence, is to ensure that licensing actions are completed in

4   accordance with the resource estimates that we develop at the

5   beginning of our review and share with the licensee. Regarding the

6   second metric, schedule adherence, the CBJ timeliness metric reflects

7   an overall timeliness goal for completion of licensing actions, but does

8   not adequately account for the many licensing actions that licensees

9   request on an expedited schedule.

10   These licensing actions are typically of higher priority

11   to the applicant because they are indicative of situations that may

12   impede a plant start-up or necessitate a plant shutdown if not resolved.

13   We developed this metric to better assess our performance on these

14   higher-priority licensing actions and demonstrate predictability to

15   licensees requesting such expedited schedules.

16   Regarding the third metric, acceptance review

17   schedule adherence, acceptance reviews are performed to ensure that

18   an application is of acceptable quality before we begin our detailed

19   technical review. For the 2017 CBJ metric, we determined that the

20   review duration considered should start at the time we determine that

21   an application is acceptable to more accurately capture the

22   performance of our detailed technical review. However, we identified

23   that we are taking longer on acceptance reviews than expected, and if

24   this continued, it could be perceived as we are allowing ourselves more

25   time to review licensing actions.

26   To address this possible perception, we identified the

1   need to more closely monitor our performance in this area and develop

2   this performance metric. Next slide, please.

3   Task number 19 in the Project AIM Integrated

4   Implementation Plan implemented Recommendation 3-2 and SECY-

5   15-0015. This recommendation was to "improve licensing by

6   conducting a business process improvement, or BPI, of the operating

7   reactor licensing process, and make associated improvements to

8   enhance the predictability, timeliness, and efficiency of the reviews,

9   while ensuring and measuring the effectiveness and quality of the

10   reviews."

11   We have concluded that the desired outcomes of the

12   BPI have been achieved without the need for the additional time and

13   cost of a formal BPI. In reaching this conclusion, we considered many

14   of the things discussed today, including our actions that restored

15   licensing review performance within standards established in CBJ as

16   well as our implemented, ongoing, and planned licensing process

17   improvements, including enhanced performance monitoring and

18   management oversight.

19   We documented this basis in COMSECY-17-0004

20   issued last month, which is now before you for review. We hope that

21   this presentation and our answering any of your questions today will

22   help support your evaluation of our recommendation. Thank you.

23   That concludes my presentation, and now I will turn it over to Scott.

24   MR. FLANDERS: Thank you, Eric. Good morning,

25   Chairman, Commissioners. Could I have the next slide, please?

26   My presentation this morning will discuss five main

1   items.   I will provide a brief review of the Project AIM recommendations

2   leading to the formation of additional Centers of Expertise, or COEs; an

3   overview of the subsequent guidance developed to identify, evaluate,

4   and implement additional COEs; a status of COE implementation; and

5   a brief discussion of the near-term and longer-term benefits from

6   implementing the COEs, as well as a COE periodic assessment.

7   Could I have the next slide, please?

8   The Project AIM report recommended that the staff

9   explore greater reliances on COEs, with the expected outcome of

10   improved workload distribution, enhanced collaboration, improved

11   knowledge transfer, and enhanced agility.   The report recommended

12   that additional or expanded COEs be evaluated in 11 areas. The

13   Commission approved the recommendations and directed the staff to

14   provide an evaluation that: (1) determined which of the additional

15   COEs to create, where they should be housed, and the efficiencies that

16   would be gained; (2) to discuss how centers would avoid stove piping

17   and minimize organizational complexity and confusion; and (3) to

18   implement the lessons learned from existing COEs, office mergers, and

19   the task report.

20   In response, we formed a multi-office working group to

21   conduct the evaluation directed by the Commission.   From this effort,

22   we recommended formation of three limited-scope COEs in the areas

23   of allegations, external hazards, and technical specifications, as well as

24   one agency-wide COE rulemaking.   We concluded that these specific

25   actions would provide benefits similar to those gained from existing

26   COEs and also increase readiness for the potential merger of NRR and

1   NRO.

2   Finally, we concluded that stove piping and

3   organizational complexity and confusion might be avoided through the

4   development of a standardized process for the creation of a COE and

5   guidance on ground rules for COEs regarding prioritization, reporting,

6   decision-making, and communication.

7   The Commission approved the recommendation to

8   pursue the COEs in the four specific areas, provided that we complete

9   a number of tasks, including creating agency-wide guidance on

10   identifying, evaluating, and implementing COEs.   Could I have the next

11   slide, please?

12   We completed and issued EDO Procedure 940,

13   Guidance for Identifying, Evaluating, and Implementing a Center of

14   Expertise, on April 28th, 2016.   We used this procedure to guide the

15   formation of the COEs approved by the Commission.   The procedure

16   describes a process to identify and evaluate the benefits, risk, and cost

17   of possible COEs and the basic steps to implement a new COE.   Stove

18   piping and organizational complexity and confusion are specific issues

19   that are considered in the benefits, risks, and costs evaluation.

20   The procedure also provides a change process to

21   define and document necessary activities that should be managed

22   during the transition to ensure effective long-term and sustainable

23   results.   The procedure details the type of documentation required to

24   create Centers of Expertise.   The details of the required documents are

25   intended to communicate the business case for the COE; how the COE

26   will   operate,   including   the   mission,   vision,   and   goals   and

1   responsibilities; and how the COE will be implemented and

2   communicated to ensure organization impacts are minimized.

3   Finally, the procedure details the establishment of a

4   periodic assessment process which results in the development of

5   recommendations and corrective actions as well as methods to track

6   actions to ensure proper follow-up and completion.   Could I have the

7   next slide, please?

8   To date, we have successfully implemented three

9   limited-scope COEs in the areas of allegations, external hazards, and

10   technical specifications, involving a total of 13 staff.   For each of these

11   COEs, we have managed the transition to ensure that implementation

12   did not adversely affect ongoing and other work activities -- ongoing

13   reviews and other work activities.   The rulemaking COE, which will

14   affect approximately 31 staff, is expected to be stood up in October --

15   on October 1st, 2017.

16   Significant   progress   has   been   made   toward

17   implementation of the rulemaking COE.   We formed an implementation

18   team in July of 2016.   They have developed an outline of the goals of

19   the rulemaking COE.   The implementation team has completed a

20   number of additional activities, such as holding a number of alignment

21   meetings with impacted and partner offices; drafting the COE creation

22   documents required by the EDO Procedure; developing a change

23   management plan using the NRC change management framework

24   launched in the fall of 2016; and actively engaging affected staff to

25   collect and share information.   They have held monthly employee

26   meetings and established a SharePoint site to share information and

1   provide opportunities to collaborate on documents. Could I have the

2   next slide, please?

3   In proposing the four COEs to the Commission, we

4   stated that the COEs would provide an opportunity to improve the

5   agency's ability to respond to changing workload without an increase in

6   resources; increase readiness of the NRR/NRO merger; and enhance

7   effective knowledge management and agency-wide standardization.

8   The newly created COEs are still young, and while the benefits of

9   implementing them have not been fully realized, we have seen some

10   benefits.

11   Specifically, near -- near-term example -- near-term

12   benefits include for the allegations COE, the integration of the NMSS

13   and office-wide -- excuse me, and Office of International Programs

14   coordinator into the Headquarters Office Allegation Team has allowed

15   for timely and efficient coordination of NMSS and Office of International

16   Programs Allegations and makes it more efficient in terms of the

17   implementation and oversight functions.

18   For external hazards, bringing all the meteorologists in

19   NRR and NRO together has enhanced our capacity to review multiple

20   operating reactor licensing amendment. For sometime, only one staff

21   member was trained to do these reviews. Now, we have several,

22   which increases our agility, reduces our risk of review delays, and

23   allows for standardization between reviews. Likewise, the NRR

24   reviewer is being trained on new reactor reviews, which broadens the

25   reviewer's abilities and facilitates effective knowledge management.

26   Bringing the external hazard technical experts together

1   has enhanced knowledge-sharing as well. An example that comes to

2   mind actually predates the formal external hazards COE

3   implementation date. In -- in 2014, NRR and NRO agreed to detail to

4   NRO the sole NRR hydrologist, who at the time was the lead reviewer

5   for a Watts Bar 1 license amendment request. The NRR reviewer was

6   teamed with an NRO staff reviewer with complementary skills, which

7   avoided the time and resources needed to contract for additional

8   expertise.

9   The collaboration and knowledge-sharing between the

10   reviewers and other hydrologists in the branch resulted in the staff

11   completing the Watts Bar 1 license amendment request on an

12   accelerated schedule. The same team was then assigned to review

13   the Near-Term Task Force Recommendation 2.1 Flooding

14   Reevaluations for the three TVA sites, leading to additional review

15   efficiencies. Now, with the formation of the COE, the same team of

16   reviewers is assigned to review the Clinch River early site permit.

17   In the longer term, we anticipate more benefits from the COEs.

18   With the rulemaking COE, we expect to gain increased agency-wide

19   standardization of rulemaking activities. Also, more staff -- as more

20   staff becomes cross-trained, we expect to further increase our

21   organizational capacity. Next slide.

22   In working to realize benefits from the COE, we are

23   mindful of the importance of addressing challenges and costs that could

24   reduce or offset any benefits. As directed by the Commission, each

25   COE will perform periodic assessments to evaluate its performance.

26   The first self-assessments will be completed within one year of the

1   COE's implementation. The finding from these assessments and

2   reports will result in the development of recommendations and

3   corrective actions that are translated into tangible actions to improve

4   the COE's performance.

5   That concludes my remarks, and now I will turn it over

6   to Jennifer.

7   MS. GOLDER: Thanks, Scott.   Good morning,

8   Chairman Svinicki, Commissioner Baran, Commissioner Burns.   It is

9   my pleasure to present you an update on the NRC's Learning

10   Transformation Initiative as well as the competency modeling effort.

11   Next slide.

12   In 2015, OCHCO briefed the Commission on an

13   initiative to look at ways to improve learning in the agency.   We

14   discussed why we train, how transforming learning can lead to

15   efficiencies including greater flexibility by making learning content

16   available anytime from anywhere, potential reductions in qualification

17   times, and reductions in costs related to travel for training.

18   Additionally, we proposed improvements in learning effectiveness by

19   providing a variety of blended learning solutions, tools, and a platform

20   to conduct a more collaborative learning approach.

21   In 2016, we briefed the Commission on how the

22   Learning Transformation Initiative fit into developing the workforce.

23   The goal was to be able to modify or create new development activities

24   as we identify specific development needs to close skill gaps, which will

25   improve performance on the job.   We also spoke of the need to adapt

26   our learning environment to change with reductions in budget support

1   and to leverage technological solutions where efficiency improvements

2   could be gained.

3   Additionally, we developed a plan to map agency

4   positions to competencies by developing models that outline the

5   fundamental framework for how we learn to do the work we perform.

6   We conducted a pilot, and the results suggested the importance of soft

7   skills such as oral and written communications, conflict management,

8   and analysis and critical thinking, regardless of the position.

9   Among the models created, we identified consistencies

10   of competency among technical positions.   This could indicate that

11   many of the technical positions are similar, but with some specialty skill

12   or knowledge.   If this continues to prove true as more models are

13   developed, this could help streamline qualification programs and enable

14   staff to move and qualify for positions more quickly.

15   Throughout 2016, we continued to seek opportunities

16   to expand the transformation of learning and have begun to modernize

17   more courses.   Both efforts show promise of efficiency improvements

18   and cost reductions while continuing to show the NRC has a highly

19   skilled and motivated workforce.   I will now expand on our current

20   status in transforming learning and our development of a business case

21   for competency modeling activities.   Next slide, please.

22   We completed a number of modernization activities

23   last year while also continuing to conduct and deliver a wide range of

24   our traditional technical training.   Highlights include the completion of

25   the Series Distance Learning Pilot, upgrades to the collaborative

26   learning environment, expanding the Fundamental Health Physics

1   online program, and beginning the movement of some of our

2   technology-related courses to a more blended approach.   Next slide,

3   please.

4   The distance learning pilot involved taking what has

5   traditionally been a face-to-face course and allowed a group of students

6   to attend the same training remotely.   We collaborated with several

7   offices, including NRR, Research, and NRO, to develop a pilot where

8   we conducted part of the seven-week Westinghouse Technology Series

9   remotely.

10   This began in late July and concluded in September

11   and consists of a three-week systems course, a two-week advanced

12   technology course, and a two-week onsite simulator course.   From the

13   multiple offices, 14 students participated in the pilot.   There were also

14   eight in-class students at the TTC.   All distance learners participated in

15   the three-week systems course, and six distance learners attended the

16   two-week advanced technology course.   All attendees were in person

17   for the two-week simulator course at the Technical Training Center.

18   The distance portions were broadcast live from the

19   classroom with the online students attending either from their office or

20   home using the GoToTraining application.   The exam pass rate was

21   consistent with other in-class training.   Travel savings for the first two

22   parts equated to approximately $109,000.

23   We consider the pilot a success in that we provided an

24   opportunity for students to attend the series who otherwise would have

25   been delayed in taking it or would not have been able to attend.   We

26   also provided -- proved we can successfully administer the course in a

1   distance learning approach with similar results as in class courses.

2   There were a few challenges, including the technology

3   used and the difficulty presenting the materials online and in classroom

4   at the same time resulted in us not being as efficient as we believe we

5   could have been.   Post debriefs were held with the instructors and

6   producers, and interviews were held with students to obtain feedback

7   on what went well and what improvements could be made.

8   As a whole, the comments were positive, and the

9   technology performed well.   Areas for improvement included

10   enhancing   instructor-to-student   and   student-to-instructor

11   communications.   We will continue to find opportunities to test this

12   again in the future, and we do appreciate the Office of Chief Information

13   Officer, NRR, NRO, Research -- and Research for supporting and

14   participating in the pilot.   Next slide, please.

15   We continue to have success with the Fundamental of

16   Health Physics course, of which a large portion of the students are

17   Agreement State employees.   We merged an additional week of in-

18   class training into the online course, and if we look at the overall picture,

19   the two courses were originally three weeks of in-person training

20   equating to 120 hours, and the course now requires a reduced time

21   commitment.   It includes approximately 50 hours of self-paced effort

22   spread over nine weeks and a five-day in-person lab at the TTC.

23   We have been able to reduce the amount to 90 hours,

24   which -- and while that is only a reduction of 30 hours of training, it does

25   increase flexibility in that it is self-paced.   There is also an associated

26   travel savings since employees only have to travel to the TTC for the

1   five-day in-person lab, and they don't have to be away from their jobs

2   for long periods of time.

3   Due to the success, we are expanding this approach to

4   additional health physics courses and other technology-related topics.

5   Our focus has extended beyond technology-related courses as well.

6   For example, the RASCAL, Radiological Assessment System for

7   Consequence Analysis, software course has been moved online. It

8   was two days, and now it is a two-hour interactive software tutorial.

9   And as you can tell, we have been very busy in 2016. Next slide,

10   please.

11   Moving forward this year, we are expanding the

12   number of courses that we are reviewing and considering for

13   transformation. We are supporting professional development online

14   courses that have traditionally been in person -- in person, and given

15   time limitations, I am only going to talk about a few.

16   We expect Power Plant Engineering to be online in

17   mid-2017. This was originally a three-week introductory course on

18   power plant theory, and a few years ago, it was reduced to two weeks.

19   Over the last year, we have updated the content, and we're in the final

20   stages of building the online course.   It will have a similar look and feel

21   as the online health physics course and will provide test-out capability.

22   Once online, staff will be able to utilize this course

23   whenever they need it for qualification or a knowledge asset. We

24   continue to expand the health physics courses online. The

25   introductory health physics course is one week long and part of what

26   the Agreement States use to prepare potential inspectors for the

1   qualification programs.   It is a basic course and is widely attended.

2   We typically teach this three to four times a year.   The conversion will

3   provide savings and efficiencies in travel and time spent by Agreement

4   States and their employees, and it should be online by mid-2017.   Next

5   slide, please.

6   I am going to now shift to competency modeling, and

7   as discussed in the June EEO Commission -- Human Capital

8   Commission meeting, competency models can provide a variety of

9   strategic capabilities for the agency.   It can support training and

10   development, recruitment, performance management, and workforce

11   planning.   Last year, we completed a pilot project laying the framework

12   for a broader effort to reaffirm the competencies of critical positions in

13   the agency. Next slide, please.

14   As mentioned in the June Human Capital Commission

15   briefing, as part of the pilot project, we built models for reliability in risk

16   analysts and health physics decommissioning inspectors, and we

17   purchased models in the area of cybersecurity and cloud computing.

18   Employees in these roles and their supervisors have been using the

19   software to conduct skill gap assessments and create IDPs to close

20   gaps.   In NRR, one supervisor used the model to help guide the

21   development activities of an employee who was on rotation to his

22   branch, and in Research, a supervisor is using the data from the model

23   to assist in reassigning the workload across the branch of an employee

24   who retired and has not been replaced.

25   We are continuing to seek feedback from users so we

26   can continue to refine this skill -- the -- the tool.   While the model and

1   tool show promise, it does require time and resources to build and

2   update the training curricula.   We have extended the pilot to develop a

3   business case to help quantify the benefits these changes can deliver.

4   The project will entail building models for several more roles, including

5   resident inspectors in advanced reactor positions; expanding the

6   number of users in the tool; gathering time and cost data for our

7   traditional qualification programs; and calculating time and cost to

8   complete these new competency-based development programs.

9   We believe the business case will demonstrate that the

10   models will identify what should be trained, eliminating the need for

11   some of the content currently required by existing qualification

12   programs, resulting in increased effectiveness, and the content that is

13   required   will   be   restructured   and   developed   using   learning

14   transformation   principles   resulting   in   increased   efficiency.   I   do

15   appreciate the support we have received from managers and staff

16   across the agency, including people in NRR, NRO, NMSS, Research,

17   CIO, and the regions.

18   And you can tell we have been busy, and we look

19   forward to more improvements.   And I will turn it over to Rob.   Thank

20   you.

21   MR. LEWIS: Thank you, and good morning.   I am

22   grateful for the opportunity to be here this morning to summarize and

23   share what I believe is a great set of work by many people across the

24   NRC towards fulfilling the goals and strategies set forth in the Project

25   Aim initiative.   In addition to the tasks that our previous presenters

26   have mentioned, there is substantial progress to report since the last

1   Project AIM Commission briefing on October -- on July 21st, 2016.

2   The Project AIM team and myself and OEDO have

3   been coordinating and implementing the NRC's wide-ranging Project

4   AIM efforts.   Many of our Project AIM activities, status updates, and

5   project documents are accessible from the NRC's public website.

6   Specifically, there is a link to Project AIM's webpage in the Spotlight

7   section.   Slide 28, please?

8   As you know, Project AIM is the NRC's strategic

9   initiative to enhance our ability to plan and execute our mission while

10   adapting in a timely and effective manner to a dynamic regulatory

11   environment.   In June 2015, the Commission approved 19 Project AIM

12   recommendations from SECY-15-0015 that addressed NRC's need to

13   improve efficiency and agility as well as right size while retaining

14   employees with the appropriate skills to accomplish our mission and

15   streamline our processes.

16   Project AIM has recently achieved a significant

17   milestone in that we have now completed the major deliverables for

18   each of the 19 Project AIM tasks.   Task 18 on development of an

19   explicit leadership model for NRC was delivered to the Commission on

20   February 6th, and Vic will speak to that in a few moments.   Task 19,

21   on operating reactor licensing process efficiencies, was delivered for

22   Commission consideration on January 25th, 2017, as discussed by

23   Eric.

24   We are not done.   Sustained effort, planning, and

25   leadership remain essential for future success.   While we recognize

26   the success to date of Project AIM, we also recognize we must continue

1   to identify and further advance the agency's effectiveness and

2   efficiency. Our longstanding principles of good regulation, specifically

3   the principle of efficiency, compel us to adopt the alternative that

4   minimizes the use of resources when choosing among several effective

5   regulatory alternatives. We will continue to embrace efficiency beyond

6   the 19 Project AIM tasks by encouraging innovation and new initiatives

7   to improve the way we work. Slide 29, please.

8   One of the centerpieces of Project AIM was Task 5 of

9   the 19, to prioritize all the agency's work and implement a one-time

10   rebaselining to identify work that could be shed, deferred, or performed

11   with fewer resources. In April 2016, the Commission approved 150

12   rebaselining recommendations, most of which to be implemented within

13   six months, a few of which to be implemented within 12 or 18 months.

14   The rebaselining effort represents reductions of about

15    $48 million, including 185 full time equivalent staff, or FTE, for NRC.

16   As of today, we have implemented 138 rebaselining recommendations,

17   saving $41 million.

18   In addition, we are making progress evaluating and

19   implementing the longer-term efficiencies identified in SECY-16-0035,

20   Additional Rebaselining Products. We have implemented six of the 16

21   longer-term efficiencies identified in that paper. For example, on

22   December 2nd, we issued a major update to Management Directive

23   3.57, which is the agency's main procedure on correspondence

24   management. That update includes many efficiencies that will help our

25   administrative staff. We will continue to work on implementation of the

26   remaining rebaselining approved recommendations and the longer-

1   term efficiencies going forward.   Slide 30, please.

2   I would like to end by sharing some initiatives and

3   opportunities that supplement or complement the Project AIM tasks and

4   their outcomes. These initiatives serve as an indicator that the

5   fundamental tenets of Project AIM are being embraced by NRC

6   employees across the agency.   On this slide, I have four examples, but

7   there are others.

8   First, on September 15th, 2016, Vic issued a change

9   management strategy to improve the agency effectiveness, efficiency,

10   and agility, which was communicated to all staff and presented at

11   multiple opportunities such as division and office all hands meetings.

12   This strategy lays out specific actions and communicates expectations

13   that are important to enable the people's side of the Project AIM

14   changes to complement the project management side that -- that the

15   team and I have been managing.

16   The three-tiered strategy includes activities to

17   encourage employee growth and development, enable innovation, and

18   foster a work environment where people are engaged and equipped to

19   embrace change.   This strategy is now being employed to guide

20   change at all levels of the agency, from business lines down to

21   individual branches.

22   Second, in the spirit of continuous improvement

23   through innovation, one of the projects of the Senior Executive Class --

24   Senior Executive Service Development Program Class of 2017 focused

25   on developing an agency-level idea greenhouse program building upon

26   innovation programs already established in some of our regional

1   offices.   Notably, this program is designed to be staff-driven, scalable,

2   and transparent.   agency-level adoption of the idea greenhouse will

3   help foster cross-office sharing of best practices.

4   Third, on December 29th, 2016, a task force provided

5   a report to the EDO with recommendations to standardize and

6   centralize support staff functions in NRC Headquarters and in the

7   regional offices.   This effort, built upon the Project AIM Task 14, which

8   reviewed -- reviewed and gave recommendations to consolidate

9   regional corporate support functions.   The task force contains -- the

10   task force report contains several effectiveness and efficiency

11   recommendations -- easy for me to say -- across functional areas of

12   financial management, administrative services, and human resources.

13   Finally, as Maureen mentioned, when Project AIM

14   started, we cast a wide net, both internally and externally, to collect

15   efficiency ideas.   One idea that ultimately didn't make the final list of 19

16   tasks was to increase NRC's sharing of investigation information

17   electronically.   Currently, longstanding practice is to share such

18   investigation information in hard copy due to its sensitivity.

19   Recently, a task force was formed with a goal of putting

20   in place secure electronic sharing procedures between the Office of

21   Investigations, the Office of Enforcement, the Office of the General

22   Counsel, the Office of the Chief Information Officer, and the regions.

23   Expected efficiencies including -- include decreasing printing and

24   mailing costs and enhanced ability to search and manipulate large

25   volumes of information during our investigation work.

26   These examples show how Project AIM activities have

1   encouraged a culture of seeking efficiencies throughout NRC. I will

2   now turn the presentation over to Vic.

3   MR. McCREE: Thank you, Rob. Good morning

4   Chairman, Commissioner Baran, Commissioner Burns, and thanks

5   again for your time.

6   As you have heard, we are sustaining the momentum

7   brought by Project AIM since its inception almost three years ago.   We

8   continue to demonstrate our ability to coordinate and collaborate across

9   organizations to achieve and deliver at the many milestones of this

10   project. This is a clear reflection of the commitment of our people to

11   work to achieve a common goal in support of our important safety and

12   security mission.

13   I am proud of our progress thus far, and this is due in

14   no small way to the dedication shown in accomplishing these tasks, in

15   some cases delivering results sooner than anticipated.   We recognize

16   many Project AIM activities also generated some level of anxiety within

17   the staff as we worked and continue to work to shed lower priority work

18   to streamline and standardize our processes to centralize functions

19   towards reducing resources and costs.

20   We have seen this reflected in feedback, survey

21   results, and from our outreach activities, and we incorporated this

22   feedback in our change management process as well as our ongoing

23   efforts to foster a climate of trust within the NRC: (1) communicating

24   more clearly and regularly; secondly, clarifying our roles and

25   responsibilities in the decision-making process; thirdly, promoting a

26   common understanding of terms such as collaboration, consensus,

1   agility, and empowerment; fourthly, supporting staff-driven efforts in the

2   offices and regions to promote employee engagement, innovation, and

3   open dialogue; and fifthly, encouraging the use of change management

4   tools.

5   We also recognize the potential benefits of

6   implementing an explicit NRC leadership model to further enhance

7   employee engagement, as indicated in the recent COMSECY-17-006 -

8   - 0006, rather -- which again was recently provided to you for

9   consideration.   We believe that such a model would focus on important

10   organizational characteristics such as empowerment and shared

11   leadership, innovation and risk tolerance, participative decision-making,

12   diversity in thought, receptivity to new ideas and thinking, and

13   collaboration and teamwork.

14   I see an explicit leadership model as a key enabler that

15   will help us to instill the behaviors throughout the NRC that will allow us

16   to more readily embrace change. Our organizational values and

17   principles will remain unchanged.   They have been effective pillars for

18   NRC's organizational culture and performance for over 20 years, and

19   they remain so.   However, through the reexamination that you afforded

20   us through the staff requirements memo on Project AIM, we have

21   identified cultural gaps between those pillars that we have an

22   opportunity to fill and to interconnect to ensure that the benefits of

23   Project AIM are sustained.   We believe an explicit leadership model

24   focused on the areas I just described will address those gaps and

25   provide a means to institutionalize the behaviors that will further drive

26   efficiency, effectiveness, and agility into the NRC culture.

1   As you know, one of the objectives of Project AIM is

2   having the right people with the right skills in the right job at the right

3   time. We delivered a strategic workforce plan to the Commission last

4   year, and in it, we acknowledge the need to update our approach to

5   strategic workforce planning as circumstances warrant. As you know,

6   I recently directed the establishment of a working group to enhance

7   strategic workforce planning. The objective of the working group is to

8   provide a clear, comprehensive, consistent, coherent approach to

9   integrating the agency's workload projection, skills identification, human

10   capital management, individual development, and workforce

11   management activities.

12   The working group is actively carrying out its charge

13   and has thus far evaluated strategic workforce planning practices

14   across the agency, developed an early draft, enhanced strategic

15   workforce planning process, and scheduled outreach efforts with

16   external stakeholders to identify best practices.

17   They are on track to submit and implement -- submit

18   an implementation plan to me late in April. I am optimistic that the

19   working group will recommend enhancements to our strategic

20   workforce planning process that will improve our capacity and agility to

21   meet emerging needs and workforce fluctuations to accomplish the

22   agency's mission.

23   I want to emphasize that we are -- we are not moving

24   forward in a vacuum. We recognize that a best practice in high

25   performance organizations is continuous learning, so to ensure ongoing

26   future activities are carried out, we will inform those activities with an

1   assessment of the tasks and efforts that have been completed to date.

2   We will start by assessing the 19 project tasks to identify successes and

3   areas for improvement.   This is just the first of such assessments to be

4   performed.   We will periodically assess the efficacy of the Project AIM-

5   related efforts as they are implemented.   Slide 33, please.

6   Looking forward, Project AIM tasks are truly just the

7   beginning of our transformation to become a more effective, efficient,

8   and agile regulator.   Although we have now delivered on the 19

9   specific Project AIM tasks and are positioning for official closure of the

10   project, the cultural changes embodied in this effort will endure, and

11   from my perspective, that is the key success.

12   We will continue to identify and pursue opportunities to

13   further enhance efficiency beyond those specifically directed by the

14   Commission, and we are proud of what we have done and have

15   underway.   I hope we have conveyed the extent to which we do

16   embrace change and agility while keeping our focus on our important

17   safety and security mission.   I would like to conclude by thanking the

18   numerous members of the Project AIM task force, both the members of

19   the staff and management throughout the agency, some of whom are

20   here today, for their efforts and continued support of Project AIM and

21   the various ongoing efforts that stem from this project.   That completes

22   our presentation, and we are prepared for your questions and

23   comments.

24   CHAIRMAN SVINICKI: Thank you all for the

25   presentations. We begin our Q&A today with Commissioner Baran.

26   Please proceed.

1   COMMISSIONER BARAN: Thanks. Well, thank you

2   for your presentations and all of your efforts.

3   I want to start with some questions about how we are

4   coping with the significant FTE reductions that have resulted from

5   Project AIM and what effect those reductions are having on the

6   agency's capabilities. NRC has reduced its total FTEs by more than

7   11 percent in just two years, bringing us to around our 2007 FTE level.

8   Although Project AIM has been valuable, these steep reductions do

9   create some challenges. For the agency's long-term health, we need

10   a stable pipeline of new talent, and we need to keep the talent we

11   already have in the midst of all these changes. With more people

12   leaving the agency, we need to make sure that we are capturing all of

13   that knowledge.

14   Every organization has to manage these challenges,

15   but it is harder during a period of downsizing. With that backdrop, I

16   want to ask about our ability to handle new unexpected work. Do we

17   have and are we going to be able to maintain a surge capacity for when

18   significant unexpected work comes along, like say the potential

19   construction of the Bellefonte Reactors?

20   MR. McCREE: Commissioner, that's a great

21   question, and I think I will start, and perhaps let my colleagues comment

22   as well.

23   I think that is a -- an important question, and it is one

24   that I ask myself routinely. I would offer first of all that, as you know,

25   the focus of the rebaselining component of Project AIM was to identify

26   lower-priority work that we could shed, and -- and we have done so,

1   and we're doing so.   And that in many -- some cases has involved a

2   reduction in the associated FTE, and we're complementing that or

3   enabling that through the constrained hiring that we have had in place

4   over the last few years.

5   I do recognize that we cannot continue to do that

6   indefinitely, that there will -- we will -- we need to identify a floor at which

7   we can sustain our capacity to carry out our safety and security mission,

8   and that is something again that the senior leadership team is aware of,

9   and we plan to have more detailed discussions at our strategic

10   leadership meeting in May to better understand where that floor is in

11   terms of the work that we have onboard now and that that we anticipate

12   in the -- in the near future.

13   I -- that -- and to enable us to -- one of the reasons that

14   the update to our approach to strategic workforce planning was also

15   timely is because it also has a role in -- in helping us to determine what

16   that -- what that floor is.   As to anticipated work that may require skills

17   that either we don't have or don't have in sufficient numbers, that is an

18   area that we're looking at currently because we are considering the

19   impact of -- of some additional work, whether it's in advanced reactors

20   or -- or perhaps in -- in the area of materials, where new fuels or new

21   fuel design may require capacity that we don't have onboard.   So we

22   are identifying steps now that we can take to mitigate those areas.

23   COMMISSIONER BARAN: I appreciate that you are

24   doing that, and you kind of predicted the next question I have, which is

25   about how do we ensure that core capabilities are maintained in the

26   staff?   And you -- you mentioned one of the examples I had in mind,

1   which is, you know, we're seeing growing interest in advanced

2   technology fuel.   We are hearing about growing interest in submittals

3   on 50.69, and it raises the question for me about, how do we make sure

4   we retain the technical and regulatory expertise to handle complex

5   areas of work like that?

6   It is -- it is -- it makes a lot of sense to match our

7   workload to -- to our staffing, but when you have an exact match, what

8   room does that leave you for a surge capability?   And if the work we

9   have today or we anticipate for tomorrow doesn't include certain

10   capabilities that we're going to need a year or two from now, how do we

11   handle that?   And it sounds like you are focused on those issues and

12   the kind of challenges of the downsizing.

13   MR. McCREE: Well, again, we -- we are focused on

14   it.   I would like to say that we have all the answers today for all the

15   areas that we anticipate, but -- but we -- we are -- we are working on it.

16   I do recognize that we do have capacity beyond the NRC to tap into

17   other resources, whether they are via contract or -- or from the labs.

18   We do have that capacity, and -- to seek additional support.

19   But again, as part of our strategic workforce planning

20   efforts, we are -- one of the assumptions is that we retain the capability

21   and nourish that capability in house for those critical skills that we need

22   within NRC, so that is our -- that is our near-term focus, is to make sure

23   that we have and retain that capability in house.

24   COMMISSIONER BARAN: Okay.   Let me ask one

25   more kind of big-picture question on -- on FTE reductions, and that is,

26   you know, when I see the lists that come out weekly of NRC employees

1   who are leaving the agency for one reason or another, I see a lot of

2   really talented individuals on that list who I think it is a real shame we

3   are losing for whatever reason.   How do we retain our next generation

4   of -- of agency leaders who may be concerned that they won't have the

5   same opportunities they may have had for advancement a few years

6   ago?   How are we addressing that so that we don't lose our kind of

7   rising stars in our talent that we have today?

8   MR. McCREE: So I think that's a multi-part answer,

9   part of which I spoke to in my remarks, and that is, one, creating an

10   environment where they can see themselves growing in within the NRC.

11   This isn't the first time in our history where we have gone through

12   periods where we have had -- we have been reducing staff and -- and

13   there has been a reduction in opportunities, if you would, in terms of

14   promotion opportunities, but there have always been, and we're making

15   sure that even now, we're creating opportunities for people to grow and

16   -- and develop, because at some point, we -- I will anticipate, again, that

17   there are more opportunities for promotion opportunities, but

18   meanwhile, we have to create an environment where people can see

19   themselves in and see themselves grow, and -- and be with the NRC

20   for a long time.

21   COMMISSIONER BARAN: Let me ask about a

22   couple of the papers that are before the Commission. One that Eric

23   talked about was the -- or is the operating reactor licensing business

24   process improvement paper.   That's a lot of adjectives for one paper,

25   but that is what it is about, and, you know, let me just start by saying I

26   think the staff deserves a lot of credit for working through the licensing

1   backlog that had built up in 2013 and 2014.

2   You know, as Eric talked about, over really about a two-

3   year period, the number of licensing actions pending for more than a

4   year went from 112 to just 10. That is a pretty significant reduction.

5   Eric, can you give us a flavor for the few actions that are -- are taking

6   longer than a year to resolve? What kind of actions are they? How

7   complex are they? Are these the kinds of licensing actions we would

8   actually expect would take longer than a year to resolve?

9   MR. BENNER: Well, I will give sort of a multi-part

10   answer because they all -- we assess complexity when an application

11   first comes in, and we try to create a schedule and apply the right

12   resources to it from the -- the front end. And actually, certain classes

13   of -- of applications, such as extended power uprates, are excluded

14   from the one-year metric because they're on a different schedule.

15   So it is not just complexity. What I would call it is -- is

16   something I would say is emerging complexity. We get into a review,

17   and we typically do a schedule for nine to ten months, nominally, and

18   that schedule is predicated on one round of RAIs because we almost

19   always have one round of RAIs. But if we get into the review and, you

20   know, either the responses to the first round of RAIs are not adequate

21   or we find that this was more complex than we had originally

22   anticipated, then in all likelihood there is going to be supplemental

23   information needed from the licensee or a second round of RAIs, and

24   almost by definition, if you start with a nine to ten month review and you

25   add another cycle of interaction with the licensee, at that point, you are

26   pretty much pressing up against the 12-month metric.

1   So, you know, at that point, we still try to achieve 12

2   months, but some of those go over, so I think the good thing about

3   where we're at now is when you've got 112 of these things, you are just,

4   you know, trying to throw resources at it and get these things down.

5   Now that we only have -- most months we only have 10 things that are

6   over 12 months, we look at those individually and -- and really are able

7   to keep management focused to say do we need any more?   Do we

8   need to elevate this?   Do we need to look at other -- other activities?

9   We actually, about three months ago, said, hey, we are

10   going to look at all the ones that are over 12 months and look for any

11   bins or consistencies, and we really found there -- there were none,

12   when you get down to that low of a level.

13   COMMISSIONER BARAN: Okay.   And the -- the

14   thrust of the staff's paper is that, you know, to get the backlog down, a

15   lot of process improvements were made as part of that, and the staff's

16   recommendation is, well, we don't need a formal business process

17   improvement effort at this point because we effectively accomplished

18   that already.   Is -- are there any, you know, significant efficiencies you

19   think we would get from having a formal Business Process

20   Improvement Initiative, or not really?

21   MR. BENNER: I will start with the short answer: no.

22   COMMISSIONER BARAN: Okay.

23   MR. BENNER: Obviously, I will expand.   The -- the

24   business process improvement would obviously be very structured in a

25   detailed look, and I would say there's two parts of how it could look at

26   efficiencies in the process.   First is the pure process efficiencies: you

1   know, do you have unnecessary steps?   Are you doing the steps in the

2   most efficient manner?   We feel like we have really squeezed down on

3   that part to -- to say this -- this process is lean and mean.

4   For example, you know, we have moved a lot more to

5   electronic communications.   It used to be we did everything by letter.

6   Now with the ability to capture emails in ADAMS, like when we transmit

7   RAIs, that is done via email, and -- and we automatically capture that in

8   ADAMS, so we're really trying to get rid of any work that we would

9   perceive as not value added.

10   The other piece is what -- what true technical work is

11   necessary to make a regulatory decision?   And that is where we are

12   not done yet, and I talked about our -- our, you know, Technical

13   Adequacy Initiative, and that is where we are still looking hard at, you

14   know, particularly for, you know, repeated large reviews, and I am going

15   to use the 50.69 example in a moment, that if we can really get down to

16   what is truly the minimum amount of review necessary to -- to approve

17   an application like that, that is where we are going to have resource

18   savings moving forward.

19   So I -- I don't -- you know, we already are working on

20   that issue, so I don't think a BPI would -- would add much effort -- would

21   add much efficiency.   So going back to the example of 10 CFR 50.69,

22   one of the things we see in the past is, you know, we will get a new big

23   thing, and we will start reviewing it, and we will kind of learn on the fly.

24   So what are we doing now?   Now, we know these are

25   going to be coming in, right?   We have the new regulation in place, and

26   the industry has said there's going to be many of these coming in, so

1   we're working with industry to say, okay, let's have a template so we

2   have, you know, consistent applications come in. Let's have the

3   dialogue beforehand so we know what sort of information should be

4   included in that application so we get a high-quality application. Let's

5   plan to have, you know, the -- you know, the right knowledgeable people

6   review the first wave of those so that they, you know, really can hit those

7   hard.

8   Let's capture their lessons learned in this, you know,

9   detailed guidance so that as we get more and more of these in, new

10   reviewers assigned to those reviews are not having to learn on the fly.

11   They now have a roadmap of how do you conduct this review in an

12   efficient and effective manner?   So that is -- that is what we see as the

13   -- you know, the future efficiencies to be gained in this process.

14   COMMISSIONER BARAN: Okay.   Thanks.   I was

15   hoping to have a chance to talk about the leadership model, but we'll

16   see.   Maybe that comes up in the rest of the conversation.   Thanks,

17   Vic.

18   CHAIRMAN SVINICKI: Thank you. Commissioner

19   Burns?

20   COMMISSIONER BURNS: Thanks.   I may touch on

21   it if I get a chance at the end.

22   I do want to express my appreciation to the staff for the

23   work that has been done under Project AIM.   I am a little bit concerned

24   about Vic's use of the words "official closure," and I will say that because

25   I think what we have seen, in extraordinary efforts, and I think very

26   important efforts as we move forward, is in effect building the house,

1   laying the foundation, putting in place the processes and frameworks.

2   But I think what we still have out there is the success

3   of application and the assessment of the application of those

4   frameworks and those structures.   And for example, I will take the

5   strategic workforce plan.   We are actually in a reset of the Strategic

6   Workforce Plan Initiative.   I think that's -- I think that's a good -- a good

7   thing.   But the outcome ultimately is -- because one of the things I can

8   recall, I think when we actually had a fuller committee, when

9   Commissioner Ostendorff was here, one of the -- the concerns I know

10   Commissioner Ostendorff was somewhat dismayed about for example,

11   reassignment into -- or resisting of reassignment into positions for which

12   persons are qualified.

13   Now, we are working on that in terms of assuring -- and

14   we should work on -- on things like assuring that if you're asking a

15   person to take a task, that they are qualified to do that, and -- and doing

16   ways, either through the learning transformation or other types of

17   things.   But that is why I said where I am coming from is we're -- I think

18   we're just at a start.   Now, whether we call it Project AIM in the future

19   or not, that -- to me, that -- that makes no difference.

20   The other piece of it I would say is that there are still --

21   there are things -- we've talked about if we made efficiencies or strove

22   toward efficiencies in things like use of resources, making -- Eric -- Eric

23   touched on the question of being more electronic in this age in terms of

24   how we process certain things.

25   One of the things I have heard from licensees, and

26   actually, you know, this may be a longer-term effort, is that if we look at

1   some of the reporting or recordkeeping requirements peppered through

2   our regulations -- and again, regulations that were promulgated when I

3   was a boy and there were not computers on the desks, and I will note

4   again that the lawyers were the first ones in this agency to have

5   computers on their desks -- but the point being that the way you -- if you

6   wanted that kind of recordkeeping or reporting, it had to be done by

7   paper, and so -- and whether some of that recordkeeping or reporting

8   is really necessary in this day and age.

9   So I think those -- that's, for what I am trying to say, is

10   those are some of the challenges I see moving forward in terms of

11   taking the lessons from Project AIM, applying them and sustaining

12   them, because I think then we're able to focus on the things that Eric

13   has talked about with respect to if we're going to get within the context,

14   and I would expect to, in the context of 50.69 and a risk-informed

15   framework, again, I think it helps us focus on the important regulatory

16   issues that -- that we face and that we have.

17   Let me ask a couple specific questions.   I think

18   Jennifer, one of the things I think particularly, and I think we've heard

19   compliments from the Agreement States with respect to the initiative to

20   do more online learning.   It costs them less, it costs us less, and, you

21   know, I think the assessment is it -- it still is effective.   But I don't know

22   if there is particular feedback that you had from the Agreement States

23   on that because our ability to provide the training or undergird the

24   training is really at the core of making I think the Agreement State

25   program successful.   So if there are any -- you know, any insights or -

26   - or comments --

1   MS. GOLDER: Yes.

2   COMMISSIONER BURNS: -- you have gotten back

3   from the --

4   MS. GOLDER: Yes.

5   COMMISSIONER BURNS: -- from the states?

6   MS. GOLDER: Thank you. Yes, the feedback on --

7   from the Agreement States for the health physics course has definitely

8   been positive.   We did have the instructional staff meet with the

9   students during various portions to discuss how it has been going, and

10   I mean overall, we have had positive feedback and no big issues.   We

11   did -- we were able to make some minor adjustments based on the

12   feedback received, but it has been very positive from them.

13   COMMISSIONER BURNS: Okay. Good. I guess

14   Eric, what -- one of the questions I would ask is in terms of -- and I -- I

15   have supported the staff's initiative to defer or not do the business

16   process initiative with respect to the -- the licensing, but what are you

17   all thinking about within NRR in terms of the ability, this ability or

18   flexibility to adjust if you have, you know, the next unexpected type

19   event that affects the -- affects the licensing volume or the licensing

20   flow?

21   I think one of the things you touched on which I think is

22   good is I think an anticipation of more in the way of 50.69 type requests,

23   but --

24   MR. BENNER: Yes, that -- I will start there, of just -- I

25   mean, that is the -- that is the focused example, but I would say it is

26   anticipation of increased risk-informed type licensing actions, so, you

1   know, with that, part of it is planning on our part.   Part of that is working

2   with industry to see if they can meter their work because it used to be,

3   you know, we would just take everything in, but as we have talked

4   about, we had people doing lower priority work, so if all of a sudden

5   more licensing, i.e. higher priority work, came in, we had that surge

6   volume.

7   Going back to what Commissioner Baran said, we

8   have less and less of that surge volume, and we have mechanisms of

9   contractors and whatnot, but on the 50.69s, one of the things we're

10   working with the industry right now is the metering, just like we do with

11   license renewals, to say, you know, here is how we can work these,

12   because an original estimate we got from the industry was we were

13   going to get 22 of these in one quarter, and then zero the next quarter,

14   and we said, well, that really is not going to work in our system.

15   The   other   is   we're   doing   more   cross-training,

16   particularly across the NRR/NRO boundary, with the Centers of

17   Expertise we have now and some of the technical organizations.   You

18   know, they have the ability to do both kinds of work so we can look at,

19   you know, what is higher priority, but I think it -- it goes back to -- I think

20   there's two things now: (1) we are probably better planning for the fact

21   that, okay, something is going to tip the apple cart, and, you know,

22   lessons learned from Fukushima, how are we better prepared?, and (2)

23   is, you know, we're monitoring this a lot more closely now.   Like I said,

24   now, with where we are at, any time a licensing action seems to be

25   getting off base, either on schedule or projected hours, we are doing

26   some look-see to say what is going on here, and how can we turn it

1   around?   So hopefully between better, you know, planning and better

2   realtime monitoring, we are just better equipped to deal with something

3   like that happening in the future.

4   COMMISSIONER BURNS: Okay.   Thanks,   I

5   appreciate that.

6   Scott, I want to talk a little bit on Centers of Expertise.

7   You talked about the tech spec and the external hazards working, and

8   basically, at this point, and maybe because this is -- as you go forward

9   and, you know, we want to see, you know, that we can achieve success

10   on it, this may explain where I am going with this question.

11   Right now, it really focuses on NRR/NRO combination.

12   Obviously, within the NMSS areas, both those areas, you know, there

13   are issues of external hazards, and NMSS uses tech specs or the

14   equivalent, some of those, so what is the thinking about where that

15   might go in the future, if -- if you meet what I would say is the success

16   metrics for it?   Because I know some -- there is some concern,

17   potential concerns about the effectiveness of that, and that we should

18   be on top of that and be responsive to that.   So I will --

19   MR. FLANDERS: Right.

20   COMMISSIONER BURNS: -- let you --

21   MR. FLANDERS: Right.   So when we were forming

22   the COEs, it was -- it was thought about in terms of including the NMSS

23   in the external hazard COE as well as tech specs, and it was decided

24   that at this point in time, for external hazards, because of the way in

25   which they work, it would be difficult for them to separate some of their

26   project management skill sets from the folks who actually do some of

1   the hazard work, and so they thought that it may not be the best time to

2   do it.

3   However, we have been supporting them on certain

4   discrete technical areas.

5   COMMISSIONER BURNS: Okay.

6   MR. FLANDERS: For example, for the WCS, Waste

7   Control Specialists application --

8   COMMISSIONER BURNS: Yes.

9   MR. FLANDERS: -- we are supporting them on some

10   of their geotechnical engineering work activities as well as some of their

11   siting, population density background areas that we have expertise in

12   that they don't have, and we also plan to support them if they receive

13   another application in those areas, so there's some pockets where we

14   are continuing to support them, so as that continues to work, we'll see

15   how that develops over time to see if it makes more sense for a broader

16   expansion of a COE into those other areas, but we are providing some

17   support.

18   For tech specs, it was thought of that the diversity of

19   the types of tech specs was maybe too much to consider, and Tech

20   Specs Branch is new, we just formed, and so we will have to see with

21   time whether or not that makes sense to -- to potentially expand, but

22   right now, it was thought it was too much diversity in terms of the types

23   of tech specs.

24   COMMISSIONER BURNS: Well, I appreciate that.   I

25   think it's a -- it is wise to try to -- to go, you know, go smoothly but

26   judiciously into it, and I appreciate their assessment.

1   Last thing I will -- I will -- may give Vic and opportunity

2   to talk a little bit more about the leadership model.   You know, I was

3   one of those when it originally came to the Commission that did not, you

4   know, basically did not support it at that time.   I recognize we allowed

5   the opportunity, and I still say -- you know, I still have some skepticism

6   reading the paper.

7   That is partly my personality.   I will first confess in

8   terms of how I sort of look through and -- and structure some of those

9   organizational things, but, you know, I respect the staff in terms of if this

10   is something that it believes would help it.   But, you know, I will give

11   you a chance, Vic, to give maybe sort of more general defense of it, but

12   particularly one thing I would like you to address is in these various

13   models, that we have various things. We have principles of good

14   regulation, organizational things, now this, and we have to draw a Venn

15   Diagram.

16   And I am going to draw on my undergraduate studies

17   because when I was a freshman in college, I had to take philosophy of

18   religion, and what I remember of that is a famous story from the Talmud.

19   And in the Talmud, a Gentile asks why should I convert to Judaism?

20   And the famous answer of Rabbi Hillel, he says why should I -- and

21   convince me I should convert when you would explain the entire Torah

22   to me while I stand on one foot.   And the famous -- the one -- there is

23   one famous rabbi who just smacks him with a cane and moves on, and

24   the other one, Rabbi Hillel, who is a very famous figure, says -- he says

25   all the Torah can be reduced to one thing: do unto others as you would

26   have them do to you.   All the rest is commentary.

1   And our -- and in a way, Torah for us is the Atomic

2   Energy Act.   Perhaps we will add the principles of good regulation, but

3   it does strike me a little bit like that.   And again, I -- I am respectful of

4   the effort, but what I don't want to do is the -- create ever-broadening

5   circles in this.

6   So I -- I spoke, gone on, I apologize to my colleagues

7   for going on, but I will let you give a defense.   But the one thing I would

8   ask you to do is address why to eliminate transparency, because

9   particularly since I think that elimination could be confused?

10   MR. McCREE: Commissioner Burns, thank you for

11   that.   I have to admit, I was initially skeptical as well.   I actually wrote

12   the Commission paper on the values 22 years ago, and Mike Weber

13   and I had the opportunity to sit with Commission Rogers and explain

14   why we need these values when we have these principles that are the

15   Torah, and we were successful.

16   I don't know if I will be successful today, but I will start

17   with I understand your skepticism.   What at its core persuaded me that

18   we have an opportunity to do more is that we're fundamentally talking

19   about leadership, and we're all leaders.   From wherever we are, we are

20   leaders.   And there are some areas that we have been able to extract,

21   from our Behavior Matters campaign, the Federal Employee Viewpoint

22   Survey 2015, as well as the IG Safety Culture and Climate Survey, that

23   point to areas where we are not doing as well as we used to.

24   Perhaps it is a temporal issue.   Maybe it is a

25   demographic issue.   Maybe it is a leadership issue at its core, but

26   things are different.   And maybe it is environmental, but it is different.

1   And we can continue to do the same thing. We can tout our values

2   and our principles and expect a different outcome, but that -- there is a

3   definition for doing the same thing and expecting a different outcome.

4   So I believe we have an opportunity to do something different that I

5   believe all of us can see ourselves and -- and relate to, and it is those

6   six areas.   Regarding   the   transparency

7   characteristic which we spoke about as a senior leadership team quite

8   extensively, as you know, the only value and principle that is the same

9   is our openness value and principle, and when you read those and

10   extrude what is at the core of it, both from an external openness

11   perspective, from principles of good regulation and the internal

12   openness that we derive from the language and our values, it is

13   essentially the transparency theme that -- that is pointed to by what

14   we're getting out of the survey.

15   So again, I do -- I do believe there is an opportunity to

16   -- to better connect and to -- to operationalize those behaviors that are

17   described in those characteristics, and that is -- that is the opportunity

18   that we look forward to undertaking.

19   COMMISSIONER BURNS: Okay.   Thank you.

20   CHAIRMAN SVINICKI: Thank you for that.

21   I   will   begin   with   aligning   myself   with   where

22   Commissioner Burns opened, which is the notion about closure of our

23   Aim efforts or anything that sounds like that it does have the optic of

24   declaring victory.   I would observe that when whatever we want to term

25   the official kickoff of Project AIM -- I kind of peg it to a time during

26   Chairman Macfarlane's tenure, even though the Commission and the

1 staff had begun to engage on something that became Aim earlier than

2 that -- but Aim was launched as a five-year initiative that I think had a

3 conclusion in 2020.   So there is the perception that you would have to

4 have, you know, well exceeded and had a dazzling performance

5 beyond what you expected to declare that, you know, you are closing a

6 task early.

7   I think of it as sustainment, and I use as an analogy

8 what we expect of our licensees and regulated entities, which is if they

9 have had a declining performance vector and gotten themselves in a

10 category of greater regulatory concern and oversight, we require an

11 awful lot in terms not only of corrective actions, but then sustainment of

12 those actions, inspection to raise our confidence of the sustainability of

13 the corrective actions.   And so I would not be surprised if external

14 overseers of the work of this agency expected the same of us, so I

15 agree with Commissioner Burns that there is a substantial opportunity

16 for assessment and then perhaps modifications or adjustments to the

17 actions that we have taken.

18   And in my mind, in the cycle of improvement, again, we

19 require that of regulated entities.   I think it is part of our internal culture,

20 if we're honest about it, of continuous improvement. It is that checking

21 and adjusting steps that go on, so I think we see this in terms of the

22 Centers of Expertise, where I was initially publicly skeptical, but I do

23 want to note that the Office of EDO has a procedure now for the

24 eventual assessment of the effectiveness of those Centers of Expertise.

25 It is very systematic and rigorous, so I really look forward to what will

26 come out of that.

1   On the Business Process Improvement Initiative, in

2   addition to I think as Commissioner Baran had talked about NRR

3   concluding that they had somewhat taken many of the steps of the

4   improvement initiative in the process of addressing the backlog that had

5   existed, I understand another justification for re-looking at that particular

6   task and undertaking a Business Process Improvement Initiative is

7   having made those modifications to staff internal processes, in order --

8   even if you wanted to do a process improvement look right now, you

9   have to have run time with established procedures.

10   I think anyone corporately would tell you that in order

11   to come in and do an audit or assessment, I can't audit you if you just

12   made adjustments last month and you have a completely different

13   system for tracking yourself or doing these processes.   So I get that.

14   But on those two points, I would ask Eric, was a deferral, or coming to

15   the Commission and saying instead of not doing the business process

16   improvement, did you think about proposing to the Commission that the

17   action be deferred for, I don't know, pick it, five years or whatever?

18   Was that part of your discussion, and you ended up with closing the

19   activity?   And if so, why?

20   And I would ask Scott, when do you expect to have

21   initial assessments and results coming in on the effectiveness of the

22   Centers?   So those two questions.   I don't -- whoever would like to go

23   first. Eric, why don't you go?

24   MR. BENNER: I'll go first.

25   We did consider deferral, the pros and cons of deferral

26   versus closure and it came back to some of the things I was saying to

1   Commission Baran that we really, in our hearts, felt, you know, that from

2   the pure process standpoint, the DPI, even after some stability was

3   likely not going to get many resource savings.

4   CHAIRMAN SVINICKI: How do you know that

5   systematically, though?   Is it a process that you use to arrive at the

6   improvement, initiatives you already made?   Was there a systematic

7   look?   Is that how you decided upon the actions that you've already

8   take which reduce the backlog?

9   MR. BENNER: I think it came down to, we did look at

10   each of the piece parts of the licensing process, the acceptance review,

11   you know, safety evaluation development, you know, RAIs, and looked

12   at --

13   CHAIRMAN SVINICKI: It's curious to me because the

14   staff is very, very wise that if they had done that and documented it in

15   any way, you could come to the Commission and say you already did

16   the business process improvement initiative.

17   Was that -- I guess I'm saying that I feel like if you had

18   done a systematic look, you're likely to have documented that because

19   that's also part of NRC culture, is we're pretty thorough in documenting

20   things.

21   And, therefore, in essence, you would have done it.   If

22   it were a comprehensive look and it were documented in some ways,

23   you would have done a business process improvement initiative.   Does

24   that make any sense to you?

25   MR. BENNER: No, I understand what you're getting at,

26   but it was -- we were, you know, the environment we were in was we

1   had too many old actions.   So, we were, at the time, trying to work that

2   down.

3   CHAIRMAN SVINICKI: Yes, I mean your imperative

4   was very, very clear.

5   MR. BENNER: The imperative was very --

6   CHAIRMAN SVINICKI: Because the Commission

7   wanted you to get rid of that backlog.

8   MR. BENNER: So, there was a mix of dumping more

9   resources on it to just do the work.   At the same time looking at how

10   did we get here, how can we avoid getting here in the future.

11   CHAIRMAN SVINICKI: Well, and I'm not trying to pick

12   on NRR, but, you know, it does leave the question, it is reactor safety

13   is the biggest part of our budget, which is, of course, if we're going to

14   do a business process improvement anywhere, it's going to end up

15   landing a lot of it on NRR's shoulders.

16   But, it does leave the thought that, you know, the

17   conclusion that there aren't other areas, that we've addressed all the

18   areas and look at --

19   And, your argument might be, well, look at how we

20   reduced the backlog in two years.   You know, you can't argue with the

21   results.

22   But, the point is, if you didn't take a systematic look, do

23   you really know that you have an instinct that there aren't other things

24   that you could harvest, other efficiencies and changes.

25   But how do you know?

26   MR. BENNER: And, we're not done.   I mean, I go back

1   to, I think, where we're at is for the process. We've looked at these

2   administrative piece parts and even with some independent reviews by

3   different auditors, those administrative processing pieces are pretty

4   tight.

5   Just from observation, also, if you look at the overall

6   contribution to the hours of a licensing action.

7   Say you have a 100 hours, you know, and you look at

8   the -- there's not much benefit to be gained there.

9   What we have left, and it goes back to nuclear safety,

10   is the true, you know, development of our regulatory findings. And,

11   that's where we're saying we're not done. We realize through this

12   technical adequacy initiative that there are still opportunities there to be

13   gained by saying, you know, how can we ensure that, you know, when

14   an application comes in that we're really trying to focus on what is

15   necessary for us to make a regulatory determination.

16   CHAIRMAN SVINICKI: And, I, you know, I'm not trying

17   to lead the witness and get an answer or help you out on marketing of

18   your pitch to the Commission, but I --

19   MR. BENNER: And, I appreciate both of those.

20   CHAIRMAN SVINICKI: It occurs to me that you've

21   done a lot, you intend to continue to do a lot.   You did it in a prioritized

22   fashion of, you know, if a process is a 200 hour process, you spent your

23   time on the things that's a 100 of those hours and not on the thing that's

24   two hours of the 200 hours. So, I get that, and that makes a lot of

25   sense.

26   But, there is something kind of conclusory and a kind

1   of like a mission accomplished about your coming to the Commission

2   and saying, you know, let's just not take this look.   So, maybe that is

3   kind of a marketing piece, I don't know.

4   Or maybe it's just that I'm suggesting you kind of sold

5   yourself short in the explanation of what you've done and what you

6   intend to do.   And, so, I offer those cautions.

7   But, I do want Scott Flanders to be able to answer his

8   question, so please, go ahead.

9   MR. FLANDERS: So, my answer hopefully will be

10   short.

11   Each of the COEs are required to provide their

12   assessment within one year of the implementation date.   So, the first

13   one would be in this coming July in the allegations group, July 2017.

14   And, the next one would be external hazards in

15   October of this year.

16   That's the formal assessment.   Of course, we are

17   always seeking feedback from our, you know, partners that we work

18   with.

19   One of the things that we do -- that we're planning to

20   do as a part of our COE activities, we meet periodically with the

21   partners.   We want to have a meeting where we have them all together

22   and discuss where we are with our priorities, work activity schedules.

23   Also provide them an opportunity to talk about how

24   things are going in terms of some of the rules of engagements that we

25   spent a fair amount of time working on together with them and seeing if

26   there's anything that we need to adjust as a part of that process.

1   So, we'll try to do that in advance of October. And,

2   then really start really working to try to gather addition information.

3   We actually included in the backup our documents

4   where we put together the COE a survey that could be sent out.   I was

5   checking with some of my Branch Chiefs, I asked them if they actually

6   sent the survey out, they haven't sent it out yet, but we're encouraging

7   them to send that out and start seeking some feedback in advance.

8   CHAIRMAN SVINICKI: Okay. And, I mentioned this

9   not just because I expressed concerns about the centers and their

10 establishment maybe obscuring two things, one of which was kind of

11 organizational line accountability. You know, how do you get work

12 product out of a group you don't have supervisory authority over?

13   But, also, these assessments, I think, have strong

14 tentacles into kind of competency modeling, strategic workforce

15 planning and all of those elements coming together to get where I think

16 Victor mentioned, we wanted to have, you know, the right people with

17 the right capabilities and be able to deploy them on the right work as

18 work ebbs and flows.

19   So, I think those assessment results are important.

20   I would just say on, you know, competency modeling,

21 really appreciate, Jennifer, your presentation and the fact that there is

22 sensitivity that I heard throughout your presentation about the utility of

23 the modeling and its input and its interface with individual employees.

24   At times, the agency has heard frustrations from

25 employees about overly elaborate systems within which they're

26 supposed to track and report their competencies and qualifications.

1   That's in addition to other work they're doing, so if it is

2   overly complex and burdensome, the likelihood that they're really going

3   to be motivated to go in there weekly and keep it up to date is less.

4   So, I heard in your presentation that we've heard that

5   feedback and we're sensitive to that going forward, that this is yet

6   another -- and they also have to report time and attendance and other

7   things because of the fee billable nature of our work. So, I appreciated

8   that as well.

9   I'll just -- my last comment, I think, will be about the

10   leadership model. I appreciate that Commission Burns talked about

11   that.

12   I'm really trying to lay aside some of the skepticism that

13   I feel, just, I'll confess the same thing he did is that, this isn't my area of

14   expertise. The whole knowledge of the community of research and

15   practice on how do you lead and inspire and move people? How do

16   you have accountability?

17   I'm kind of old school. I'm like, you know, you have

18   good people. You resource them. You equip them. You train them.

19   You express expectations and then you hold accountable, which is the

20   really important piece there.

21   And, so, when I read about leadership models, I, you

22   know, there's a good chance that more than half of it's going over my

23   head, because I don't really -- I'm not sensitized on a lot of that.

24   But, the one obligation that I do feel in being a member

25   of this Commission so long is, if the staff comes back to you a couple

26   of times and says, we've looked at this and looked at this and we think

1   we need this, then one obligation to me that's very, very clear is that, as

2   the Commission, we want to be providing you with what you say you

3   need to do to do all the hard work that we expect you to be doing.

4   So, I will try to keep an open mind on that.   It's just, it's

5   hard to navigate through.

6   Was there a broader buy-in?   Maybe you could help

7   me here like, how did you -- was this kind of the senior executive class

8   who thought this?   Did you do any kind of focus groups to know that

9   kind of front line employees also identified elements of this as

10   something they needed?

11   MR. MCCREE: Chairman, thank you for your question.

12   The genesis was, of course, back during the initial

13   stages of Project AIM and recognizing that there were gaps in

14   leadership philosophy that we had not closed in spite of our values and

15   our principles.

16   And, while there are pockets of leadership and

17   performance where these attributes, these characteristics were

18   reflected, it's not common across the agency.   And, even the

19   terminology and what we mean and how it manifests itself in actions

20   and decisions and behaviors is inconsistent.

21   So, the question was, how do we drive alignment to

22   gain a shared understanding of what it is we're talking about?   If it's not

23   clearly in our values and principles and we've not animated it, what is

24   it?   Can we agree on the definitions?   Can we agree on the

25   supporting, again, actions and behaviors?

26   We socialize them with the senior leadership team.

1 We have not embedded them yet fully with either the leadership team

2 of the staff.   This would be the opportunity to do that, so the

3 Commission support our effort to go in this direction.

4   CHAIRMAN   SVINICKI: Well,   you   and   I   have

5 sometimes talked about -- and, I've talked to other senior leaders here

6 about first line supervision is really one of the toughest jobs, you know,

7 at the agency.

8   I think as you move up in responsibility, the issues get

9 larger.   There's more issues and they're more complex.   But, I think in

10 terms of managing, you know, that can be a very, very difficult job.

11   We've talked about a culture where leaders at every

12 level and managers at every level feel, you know, a good -- I'll use an

13 Ostendorff term -- forceful backup.   They feel a good level of support if

14 they approach decision making in the ways that they're expected to,

15 they're going to get the support of the next level and the next level and

16 the next level.

17   Is it your sense that the leadership model you propose

18 would support continuing to create that culture where, you know,

19 Branch Chiefs and Project Managers, leaders at every level feel

20 supported?

21   MR. MCCREE: Yes, ma'am, absolutely.   And, yes,

22 and we also view a leadership model as a living document.   I'm of a

23 generation where I do it that way because that's what you told me to do

24 and that's what I've shown you.

25   I believe we have a cross generational demographic

26 where more want to know not only what you want me to do, but why

1   you want me to do it and how.   And, that takes more time, it takes more

2   effort and it takes more clear, discrete articulation of what we mean and

3   consistent follow up.

4   And, in these areas, we just have not taken the

5   opportunity to articulate that yet and pull all the other -- pull the other

6   pieces together so that it's harmonized.

7   Other organizations have done it and have created a

8   lot of success.   And, that's sustainable because people can see

9   themselves in it, they can identify the gaps and be held accountable.

10   And, that accountability is another term of art that has

11   come up in our benchmarking.   And, yet, that's not clearly articulated

12   in a principle or value.   But, it is part of what we do, it's part of what

13   leaders should do, even that self-management.

14   And, we, again, love the opportunity to build that.

15   CHAIRMAN SVINICKI: Okay, thank you for that.   And,

16   it's clear that you bring, you know, a strong commitment to the

17   leadership model.   And, so, I know the Commission will think about that

18   really deeply as we look at the proposal that you've laid in front of us.

19   I'm reflecting a little bit longer term on Project AIM and

20   I just want to say that this -- a lot about Project AIM is about, you know,

21   the workforce reductions and the budget constraints and other things.

22   But, I don't, personally, I don't want to lose sight of the

23   fact that there are really positive constructs around the origin of Project

24   AIM.   And, I've used this kind of cheeky term of NRC 2.0 at other

25   meetings.

26   But, I thought, you know, very sincerely, for me, when

1   I tried to think and bring creative energy to Project AIM, it was about

2   we're always improving and evolving as organizations, no matter our

3   size.

4   And, we have an opportunity to have an invitation to

5   bring forward, you know, if you've worked at NRC for three years or for

6   30 years, it's a solicitation for what kind of NRC do you want to be

7   working at?   What does it look like?

8   And, no one knows better the frustrations of an

9   individual process or procedure in NRC better than NRC.   I mean, we

10   know the things that if, we were king for a day and we could rewrite

11   these processes.

12   So, I think there's that aspect, I continue to be really

13   excited about the staff's energy that they bring to this about this initiative

14   going forward.

15   And, I don't want to lose sight as we ask questions and

16   have this dialogue of those aspects about NRC's future, which I think

17   are so exciting at bottom.

18   And, so, I had a weird idea that I was going to ask Victor

19   for my Q&A, and I'm way over time, but I was going to ask you to either

20   think about or respond to the question, it says, at the next Project AIM

21   meeting or it's a year from now and you're sitting across from the

22   Commission and whatever people are here on the Commission at that

23   time, and it's a Project AIM meeting, you know, what -- if you've been

24   successful as the EDO in marshaling everything and having success on

25   all these initiatives, what are the kinds of things that you're presenting

26   to the Commission at that time?   What kind of successes?   What are

1   the topics?   And, what are you saying?

2   You don't have to give the answer because it's the kind

3   of thing I should have told you in advance if I was really going to ask

4   you.

5   MR. MCCREE: I think it's a great question.   I would

6   start by saying I would have hoped before coming to this meeting that

7   it wouldn't have been a Project AIM meeting, but it would have been an

8   efficiency effectiveness and agility meeting, which I believe is the core

9   of AIM.

10   It was the core that we spoke about in a senior

11   leadership meeting in November 2013.   We conducted a SWAT

12   analysis and said, you know, we need to differently.   We need to do

13   more effective, more efficient and more agile.

14   I believe when we get there as an organization and

15   have confidence that we're doing that routinely without a project label,

16   that would be the major success.

17   I believe we would have delivered on a leadership

18   model and we would have integrated it in a way that everyone can see

19   themselves in.   I believe would have sustained the business process

20   improvements we've seen in NRR and all of the metrics, including the

21   three additional ones that NRR created that Eric spoke to, we'd be

22   achieving on those in the context of the enterprise risk management,

23   which we didn't have an opportunity to speak to, but we'd have

24   operationalized that within our culture.

25   So, we're anticipating work and risks and mitigating

26   them.   And, that'll be folded into an enhanced strategic workforce

1   planning framework where we'll be able to identify the resources that

2   we need that we may not have in our initiating steps to bring them on

3   board and get them fully trained an acculturated.

4   Most importantly, we will have -- be still fulfilling our

5   safety and security mission.   Because without that, all of these other

6   great things which are enablers are less important.

7   CHAIRMAN SVINICKI: Thank you for that.

8   I want to ask my colleagues if they had any additional

9   questions?

10   COMMISSION BARAN: Just a couple of questions --

11   CHAIRMAN SVINICKI: Sure.

12   COMMISSIONER BARAN: -- to follow in the leadership

13   model.   I feel badly doing it because that just such a nice close.

14   But, so, one of the things that the paper contemplates

15   is the establishment of a working group to develop the leadership

16   model.   Could you just briefly talk, Vic, about kind of the level of effort

17   you're envisioning for this process?

18   With the characteristics, the leadership characteristics

19   already drafted by the leadership team that was involved in this and

20   presented in the paper, what do you see as what the working group

21   would be doing?

22   MR. MCCREE: Thank you for that question.

23   I see those --the characteristics and the definitions

24   describing the what those characteristics look like.   It doesn't have and

25   doesn't describe the how, those specific behaviors we would expect

26   from one another as we demonstrate those characteristics.

1   It doesn't provide that the measurables, how we're

2   going to incorporate them in our routines processes to make sure that

3   they're understood and they're being embedded.

4   And, again, the connection with our values and our

5   principles, that work would be what the focus of the working group

6   would -- that's principally what the working group would focus on.

7   COMMISSIONER BARAN: And, just in terms of the

8   timing of this, obviously, there's a lot of change going on right now, I

9   think everyone knows that and feels that, talk for a minute about

10   whether this is the right time for this.

11   I don't want folks to be overwhelmed with another

12   initiative when they're also trying to do their work.   Is this the right time

13   for this?   Is a year from now the right time for this?   Can you --

14   MR. MCCREE: And, I think that's a great question as

15   well.

16   As you know, there are a number activities underway

17   and the staff has great capacity to carry out those that are ongoing,

18   including the Strategic Workforce Planning Initiative.

19   We are moving forward with an implementation plan for

20   the recent mission support tasking.

21   Of course, I'm optimistic about where we'll be on the

22   leadership model.   But, I believe that the time scale, if you would, for

23   implementing that is something that we can implement later after

24   completion of those first two deliverables which I would expect this

25   spring.

26   So, I believe we have the capacity to being this early to

1   midsummer and produce results before the end of the year.   So, I do

2   believe we have the capacity to get this done.

3   I'd also mention that the recent projects of the SES

4   Candidate Development Program are in line with a number of the

5   characteristics that have been identified here.   So, a lot of the leg work

6   has already been done.

7   COMMISSIONER BARAN: Thank you.

8   CHAIRMAN SVINICKI: Thank you, Commissioner.

9   Okay.   Well, with that, I thank the staff for their

10   presentation and I now invite Maria Schwartz, Vice President of the

11   National Treasury Employees Union for her remarks on behalf of NTEU.

12   MS. SCHWARTZ: Good morning, Chairman Svinicki,

13   Commissioners, EDO McCree, NRC executive, and managers and

14   fellow bargaining unit employees.   It's a pleasure to be able to be here

15   to address you on behalf of NTEU in this forum.

16   NTEU, as we always stress at these meetings, is the

17   exclusive representative of our bargaining unit employees here at the

18   NRC.

19   And, I'm joined this morning, I think we have a bridge

20   line by our Chapter President, Sheryl Burrows, and hear there are some

21   of our officers and stewards.

22   First of all, on behalf of NTEU, I want to congratulate

23   Chairman Svinicki on her appointment. NTEU wishes you well as the

24   agency enters 2017 with the many challenges and opportunities that lie

25   ahead.

26   Turning to today's Commission briefing on Project AIM,

1   I will begin with basic planning concepts that we've all heard from our

2   earliest school years, who, what, when, where, how and why.

3   As Union leaders, we are most interested in how

4   decisions affect employees in the execution of their work.

5   The what, the when, the where and the why must be

6   accepted and are not in question. The mission of the NRC defines

7   these questions.

8   However, the who and the how speak to where there is

9   opportunity to work together. Thus, my remarks this morning will be

10   framed by the who and the how of our work.

11   The who, who performs the work? Who manages the

12   work? And, who makes the decisions?

13   The how, how the work is done, including a

14   consideration of the processes and procedures that are in place to

15   support the performance and execution of the work?

16   How is training handled to ensure that it is aligned with

17   processes and competencies? And, how does training promote

18   employee professional growth?

19   Along with Sheryl Burrows, Chapter President, I have

20   spoke here since the beginning of the Project AIM initiative on behalf of

21   our bargaining unit employees advocating the clarity of roles and

22   responsibility, advocating the clarity of expectations, advocating for

23   aligning our training and advocating for fairness.

24   Steadily, daily, employees talk with us and other union

25   representatives about their concerns about work expectations that are

26   not clear, about managers who are not -- who are inconsistent in their

1   directions, about training that is not provided, or rotational details or

2   opportunities in spite of developing as suggested in IDP that are not

3   available.

4   It is with these conversations in mind that I reflect on

5   the comments provided today and the reports on the progress of Project

6   AIM.

7   Our agency leadership launched Project AIM in 2014

8   in response to a changing external environment.   A nuclear

9   renaissance that did not come to fruition resulting in a reduction in work

10   and a Congress grown skeptical about the NRC budget.

11   To address this, the agency developed Project AIM, an

12   initiative containing 19 discrete tasks whose primary objective was to

13   proactively ensure that as the agency downsized in response to a

14   reduced workload, the NRC would continue to effectively accomplish its

15   health and safety mission.

16   Over the last year, Project AIM status has been

17   reduced from an initiative to a project with its completion fast

18   approaching as reflected in today's briefing as well as of the January

19   2017 progress report that asserts that almost all of the 19 discrete tasks

20   associated with Project AIM have, in fact, been completed.

21   Of particular interest, in looking at the who and the how,

22   is the that the January update states that the strategic workforce plan

23   is complete.

24   NTEU is concerned about this assertion and it seems

25   that Commissioner Burns and Chairman Svinicki are as well concerned

26   about calling things completed that shouldn't be.

1   In June 2015, the Commission tasked the staff to,

2   quote, develop a Strategic Workforce Plan that ensures the NRC is

3   positioned to have the right number of people with the right

4   competencies at the right time, end quote.

5   Many NRC employees that NTEU has spoken with,

6   including some upper level managers believe that the agency should

7   have had a robust Strategic Workforce Plan in place before the agency

8   even began Project AIM.

9   Acknowledging that the agency did not, there were

10   many, including the Commission, who believe that the development of

11   a Strategic Workforce Plan was critical to the agency's success as

12   Project AIM proceeded.

13   A year later, when it appeared that the agency still had

14   not developed a Strategic Workforce Plan, the Commission inquired

15   about this.

16   At the Commission briefing on Project AIM in March

17   2016, Commissioner Baran asked a very simple question, quote, and

18   where are you right now on the status of the streamlined Strategic

19   Workforce Planning tool?   Is that something we -- is it read to go, end

20   quote.

21   The response was, quote, we don't actually have that

22   right now.   What we have is, we have tribal knowledge about, you

23   know, where people know that there's vacancies in the organization and

24   where people have skill sets to match, end quote.

25   To be fair, it is important to note that, finally, in January

26   of this year, the EDO established a working group directed to enhance

1   Strategic Workforce Planning.   However, recall that the January status

2   for Project AIM indicates the Strategic Workforce Plan has been

3   complete for quite a while.

4   As   an   aside,   the   recently   published

5   COMSECY-17-0006 which you've talked about, the regulatory

6   Commission's leadership model, states, quote, upon Commission

7   approval, the staff will begin drafting a written statement regarding the

8   desired leadership beliefs and fundamental behaviors that support the

9   noted characteristics.

10   Although constructing the leadership model is an

11   important first step to realizing a comprehensive set of behavioral

12   expectations, these behaviors will enable NRC to become an even

13   stronger regulator as we operate in an environment of increasing

14   change and complexity, end quote.

15   Well, this begs the question, what leadership model are

16   we operating under now?   This leadership question highlights the

17   frustration employees have experienced throughout Project AIM which

18   includes the length of time it has taken the agency to undertake the

19   development of a Strategic Workforce Plan.

20   Our employees expressed desire for transparency and

21   their ongoing willingness to trust leadership is simply lost through NRC

22   executive statements like we haven't developed a Strategic Workforce

23   Plan because we are too busy saving jobs right now.

24   NTEU sees this as the most -- in the most recent OIG

25   Safety Culture and Climate Survey which reports that employees,

26   quote, do not have confidence in senior management and feel senior

1   management does not provide a clear sense of direction, end quote.

2   At this point, it isn't enough to say better late than never

3   regarding the creation of a Strategic Workforce Working Group.   While

4   NTEU almost will work with the agency going forward, is it reasonable

5   to ask NTEU as we were asked last week by a senior executive to

6   suspend judgment on what has already occurred and only focus on

7   what the agency is planning to do going forward.

8   And, to put that request in context, NTEU officials have

9   spent much of their time in recent weeks attending meetings that

10   address the potential for a rift, how to avoid a rift, how to communicate

11   to our employees and our supervisors the potential for a rift.

12   And, of course, NTEU officials and stewards have also

13   spent a great deal of time -- a great deal of that time speaking directly

14   with concerned employees who own houses and support families to

15   provide as much information as we can so that our employees can

16   better deal with the uncertainties of the current agency environment.

17   So, what are the consequences of not having a

18   Strategic Workforce Plan at this point beyond the obvious?

19   Until the recently issued memorandum, Enhancing

20   Strategic Workforce Planning, the agency has been relying on a group

21   of deputy office directors to determine and report their office's staffing

22   needs and overages.

23   These needs and overages finally defined over about

24   the last year have apparently been developed by methods that have

25   been describe, as we just heard, as tribal knowledge and word of

26   mouth.

1   So, many of our employees see the ability to advance

2   their careers wondering about where they're going to go and what

3   they're -- if they're going to stay because they see this as a subjective

4   and unfair since two of the very few ways to do this now are solicitations

5   of interest and lateral moves which are currently driven by tribal

6   knowledge and are not subject to the merit selection procedures.

7   NTEU is concerned that because SOIs and lateral

8   moves are not governed by merit selection procedures, that they are

9   ripe for abuse and, in some cases, in fact, are being abused.

10   NTEU believes that developing internal procedures

11   that address that should be part of a strategically developing the

12   workforce.

13   Additionally, such procedures would create a more

14   transparent and fair approach for those employees that remain after

15   attrition, buy-out early outs and potentially a rift.

16   The current assurances that our leadership are

17   providing to our employees about their professional growth don't

18   correspond with what our employees are telling NTEU.

19   The current state of employee growth, an issue which

20   should be considered as part of a Strategic Workforce Plan has

21   damaged morale horribly.   Likewise, trust, so easy to lose and so hard

22   to build and yet so necessary to an engaged workforce is at an all time

23   low as confirmed by the 2016 OIG Safety Culture and Climate Survey

24   and the Federal Employees Viewpoint Survey results.

25   NTEU is aware that plans and intentions can be

26   overtaken by circumstances beyond the agency's control.   However,

1   when this happens, NRC leadership should be more concerned than

2   ever that communications are honest and transparent.

3   And, if recent communications aren't working, it is

4   critically important that agency leaders find ways to communicate that

5   are effective.

6   A Strategic Workforce Plan is critical if NRC hopes to

7   rebuild trust, re-engage and re-energize an amazing workforce that

8   seeks clarity regarding workload projections and their ability to develop

9   and grow professionally.

10   The NRC's organizational structures, processes,

11   procedures and other internal controls cited in the Strategic Workforce

12   Working Group document must not only support the accomplishment of

13   the NRC's mission and effective, efficient and agile manner.

14   But, these same structures process, procedures and

15   internal controls found in a Strategic Workforce Plan must support the

16   growth of our employees, our agency's most important resource.

17   During times of change, it is more important than ever

18   to adhere to our agency's core values, integrity, service, openness,

19   commitment, cooperation, excellence, and respect.

20   NTEU sees great symbolism that the first of the NRC

21   values is integrity and that respect completes the enumeration of these

22   values.

23   NTEU recognizes that work has been done and we do

24   not want to negate the importance of that work, but we ask you, our

25   Commissioners, to recognize also that, while you have been briefed on

26   the successes and the completion of Project AIM tasks, that you also

1   recognize there is another side to the story, the side that I have

2   attempted to describe to you in these comments.

3   NTEU stands ready to help as it has over the last

4   several years, but such help cannot and never will include being silent,

5   nor does NTEU's continued support include the affirmation of metrics

6   that indicate an activity is complete when all evidence shows that the

7   activity is still a work in process, nor does that support include the

8   affirmation of information that does not address essential

9   considerations of the who and the how of the work that is expected of

10   our dedicated bargaining unit employees.

11   Our bargaining unit employees continue to act with

12   integrity and dedication. From their leadership, our bargaining unit

13   employees deserve accountability, honest, transparency and respect.

14   Thank you for this opportunity to provide our

15   comments.

16   CHAIRMAN SVINICKI: Thank you, Maria.

17   And, again, I thank all of the participants for the

18   perspective and the dialogue that we've had here today.

19   With that, we are adjourned.

20   (Whereupon, the above-entitled matter went off the

21   record at 11:27 a.m.)

22

23