

United States Nuclear Regulatory Commission
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No. S-99-19

“Congratulations on a Job Well Done ”

by

Dr. Shirley Ann Jackson, Chairman
U.S. Nuclear Regulatory Commission

All Employees Meeting
Rockville, Maryland
Tuesday, June 15, 1999

Thank you, Mrs. Norry. Good morning [afternoon], ladies and gentlemen, friends and colleagues. With me today are NRC Commissioners Greta J. Dicus, Edward McGaffigan, Jr., and Jeffrey S. Merrifield. Commissioner Nils J. Diaz was hoping to be here, but unfortunately was unable to attend due to sickness. On behalf of the Commission, I would like to welcome you all to this special meeting of the Commission with the NRC staff. I extend that welcome both to those of you assembled here in the tent at Headquarters, and also to the groups of employees connected by video-conference and telephone from the regions.

These “All Employees” meetings are an annual tradition here at the NRC, as a forum to stimulate and to facilitate direct communication between the Commission and individual members of the staff on mission-related policies and initiatives; to clarify the Commission’s agenda; to engender a shared vision; and to motivate the NRC staff in pursuit of that vision. In addition, this year has a special significance for me, for two reasons: (1) because this will be the last NRC All Employees Meeting I am likely to attend; and (2) because the past year has been one of the most challenging, and yet one of the most successful years in NRC history. The challenges have come from many sides, but the success I credit in large part to the hard work that all of you have contributed, as well as to the considerable and primarily constructive input we have received from a wide variety of NRC stakeholders. At this time last year, the future held some uncertainty, to say the least, and, to some of you, it may have looked downright bleak. I believe it is to your credit, as members of the NRC staff and NRC management—as well as to the credit of a very hard-working Commission—that today we are an agency once again firmly in control of our own future, clear and confident about the course that lies ahead.

As some of you may be aware, the Senate Appropriations Committee recently approved the NRC full budget proposal, at a time when other agencies are finding their budgets slashed significantly by the same Committee. While we have yet to hear from the House side, the Congress clearly is sending a positive signal about our achievements in the regulatory arena and about the results of our planning, budgeting, and performance management efforts at the NRC.

So I begin this All Employees Meeting simply by saying, to all of you, “Congratulations on a job well done!”

When we were facing budget stringencies and criticism last year, a member of my staff gave me a picture of a sharply meandering road with a caption at the bottom, which read, “a bend in the road is not the end of the road unless you fail to make the turn.” We have begun to make the turn. Much remains to be done—but we are turning. So how did we get here?

I would like to spend a few minutes reflecting on the accomplishments of the past year—not only the individual milestones, but also the underlying framework and concepts we have put in place over the past few years which, if understood and implemented consistently, will ensure stability and continued progress as we move forward.

Achievements of Vision

At the highest conceptual level are the accomplishments that I would characterize as “achievements of vision.” These are the ideals of regulatory excellence, the concept that should be present consistently at all levels of our organization, as well as in all our policies, rules, processes, and individual interactions with our stakeholders. Indeed, as some of you may recall, regulatory excellence was a key Direction Setting Issue of Strategic Assessment and Rebaselining. Initially we struggled with this concept, but what have we accomplished under this overarching umbrella?

The first of these represents the most important achievement of all—and ironically it is the area in which we have not changed. I refer to our continued, unambiguous focus on safety as the highest NRC priority. Last year at this meeting I challenged you to “Hold The Center”—in the face of multiple external pressures, to ensure that we remember our fundamental regulatory health and safety mission. I believe that, despite sweeping changes to our regulatory processes and significant strides in improving our efficiency, we have maintained this emphasis.

The second achievement of vision is a new standard of regulatory effectiveness (another part of the aforementioned DSI) at the NRC. We have become far more introspective and self-critical in examining our own regulations and programs. Words like “objectivity, defensibility, scrutability, and timeliness” have become familiar elements under which we judge the efficacy of both existing programs and new innovations.

Tied directly to NRC regulatory effectiveness is our unapologetic emphasis on performance—what we sometimes refer to as an “outcomes” orientation. We have learned to demand a bottom-line focus on results—both from ourselves and from those we regulate. This has increased our focus on developing and implementing metrics, or measures of success.

The final achievement of vision is our success at anticipating and positioning for change. This element of vision is best characterized by examples, which range from license renewal to our efforts to prepare for electric utility restructuring. The successful anticipation of change is ensured by a healthy and dynamic planning framework.

Achievements of Framework

The elements of vision that I have just outlined, in essence, have maintained our sense of “the big picture.” They also have led to the successful establishment of several elements of a fundamental NRC “framework”—overarching methodologies that guide our approach to a wide range of agency programs and processes.

The first and perhaps most obvious of these is our transition to risk-informed, performance-based regulation. The prioritization of NRC regulatory interactions in a manner where the use of risk insights and assessments is more explicit has become a fundamental characteristic of our approach to new rules, rule changes, program and process changes, and even our budgeting and resource loading. This concept, combined with our increased focus on defining measurable outcomes and demanding performance, is becoming a familiar way of thinking at all levels of the NRC and within the regulated community—which may be the clearest indication of our success in this area. Another indication of our progress here is that we are considering ways to risk-inform the entire body of reactor regulations in Part 50, as well as other requirements in Parts 35, 63, and 70.

A second framework achievement is our purposefully increased involvement of stakeholders in the regulatory process. Clear communication and enhancement of public confidence are parts of this framework. It also includes our stakeholder meetings, NRC public workshops, and our general efforts to be more open to constructive criticism—from the Congress, from our licensees, from public interest groups, and from within our own organization. As with risk-informed regulation, I believe this acceptance of, and appreciation for, stakeholder involvement is becoming a way of thinking at the NRC. We must continue to ensure that our efforts provide equal access to all stakeholders, rather than privileged access to a select group.

The final fundamental framework achievement is, in a way, our “insurance policy”—the basis for our confidence that our success will continue. I am speaking of our overhauled approach to planning. Once again, this framework element dovetails with the vision I laid out earlier, increasing our effectiveness and allowing us to anticipate and position rapidly for emergent changes. Like the other elements of our framework, our planning process has been built slowly and steadily, and has taken the involvement of each of you—from the Strategic Assessment and Rebaselining initiative we began in 1995, to our multi-year Strategic Plan, agency-wide Performance Plan, and office-level Operating Plans, to our present Planning, Budgeting, and Performance Management (PBPM) process. The successful adoption of this process comprises a fundamental change to the way we do business, which is vital to ensuring our future success.

Achievements of Process and Program

Within the context of vision and framework, consider with me the scope of the programmatic issues and regulatory processes we have revised and revitalized. It is an exhausting list, but I will highlight a few things.

- ◆ At the top of the list is the implementation of a newly developed reactor oversight process, starting with the pilot program that is just beginning. Consider how this process is tied to the framework and elements of vision already discussed. The

elements of the new process are clearly tied to cornerstones of safety. It is performance-based through the use of performance indicators, and it is risk-informed through the implementation of a risk-informed baseline inspection program—as well as in the categorization and validation of performance indicator results.

- ◆ In enforcement, our risk-informed programmatic review has led to a reduction of unnecessary burden associated with the less important Severity Level IV violations, and a new direction for the enforcement program—which may assume a complementary (rather than separate) role in the reactor assessment process.
- ◆ In our emphasis on understanding and maintaining the design basis for power reactor and other nuclear facilities, we are nearing the completion of a revision to 10 CFR 50.59—an effort that has been accompanied by a wide range of improvements to NRC methods for dealing with facility design changes, temporary modifications, and degraded equipment (including modifications to GL 91-18, and a refocus on and modification to our implementation of 10 CFR 50.71(e).
- ◆ We have established a power reactor license renewal process that is fair, focused, expedited, and predictable, built around (1) a Commission policy statement, (2) case-specific orders on conduct of adjudicatory proceedings, (3) Standard Review Plans for 10 CFR Part 54 and 10 CFR Part 51, (4) Management oversight through a steering committee and the Executive Council, and (5) dedicated staff work—led by Chris Grimes. As a consequence of our success in this area, we are anticipating an increase in the number of license renewal applications above our original expectations.
- ◆ We have anticipated and dealt with a range of issues related to economic deregulation, including decommissioning funding assurance, grid reliability, cost-competitiveness, and changes in nuclear power industry business relationships (i.e., new ownership configurations, increases in license transfers, and possible increases in decommissioning). We have modified our decommissioning funding assurance rule (and will continue to make improvements in its implementation). We have a new rule (Subpart M) governing adjudicatory proceedings for license transfers. We have participated on an interagency task force (with DOE and FERC) on grid reliability issues, etc., etc., etc.
- ◆ We have made comparable improvements in our regulation of the uses of nuclear materials and management of radioactive waste. For example, we used risk insights and information to develop a reasonable and widely accepted rule on radiological criteria for license termination. This progress is continuing today in our development of implementing guidance for the license termination rule, as well as in rulemakings on medical uses of nuclear materials (Part 35), high-level waste disposal at Yucca Mountain (Part 63), and nuclear fuel fabrication (Part 70).
- ◆ We have applied business principles in streamlining our licensing reviews for radioactive materials and spent fuel storage, including the materials business processing re-engineering and guidance consolidation projects.

- ◆ We have demonstrated innovation and flexibility, with paramount attention to safety, in effectively overseeing the privatization of the U.S. Enrichment Corporation (we even developed a Standard Review Plan to lay out for the financial community our requirements as an IPO was conducted), and in conducting the pilot projects on external regulation of U.S. Department of Energy nuclear facilities (where the staff's paper, with Commission approval and guidance, is about to go to Congress).
- ◆ In the international arena, we achieved a major milestone when the U.S. Congress ratified the Convention on Nuclear Safety—representing the completion of a long-term, interagency effort in which NRC representatives had played a significant part. I also am proud of the establishment of the INRA.
- ◆ We achieved recognition earlier this year by achieving our Year 2000 readiness goals well ahead of schedule. We also have a contingency plan developed for unforeseen difficulties—both here at NRC and with regard to our licensees.
- ◆ Our improvements in the procurement arena resulted in two Hammer Awards from the Vice President.
- ◆ We have developed and are implementing ADAMS, and, though it has had some difficulties, we are developing a new resource management system—STARFIRE.

Conclusion

I would like to re-emphasize, in closing, the significance of what we have accomplished. I believe that all of you have been aware of and touched by the rapid pace of change across a wide spectrum of NRC functions. What you may be less aware of, depending on your position and area of specialty, is how positively impressed our stakeholders have been—both with the rapidity of the change and the consistent good judgment that has characterized our decisions. For an agency of this size, with our span of oversight and complexity of functions, to have made this much progress on this many fronts is considered truly remarkable. These changes were not wrought overnight. The achievements of vision and the fundamental framework that I have outlined were developed over several years—and only because that groundwork was laid in changes to most NRC processes and programs over the past few years were we able to make so much progress in the past year.

Both the short-term and longer term achievements clearly are the result of hard work, innovative thinking, and a commitment to excellence on the part of the Commission, NRC management, and the NRC staff. Whether viewed individually or collectively, these achievements give all of us a glimpse of what we can accomplish, even as they set the stage for continued enhancements in our regulation of nuclear safety and safeguards.

This is but a thumbnail sketch of all we have done. We have come a long way since Millstone, which became a major issue shortly after I arrived. All of what has been done since then bears out what I always have believed about the NRC—that the quality and dedication of its people are unsurpassed by any organization—either inside or outside the government— anywhere. I thank you for your support and responsiveness to the Commission.

I would like to make two final points with regard to Commission expectations on matters that have come up recently, to clear up any ambiguity that might exist. The first relates to NRC staff papers. When papers are submitted to the Commission on technical and policy issues, the correct staff approach is NOT to figure out what the Commission wants to hear, and then to tailor the package to serve Commission expectations. We encourage and expect you to provide us with your best professional judgment–based on your technical expertise and your best policy insights.

Similarly, in your interactions with stakeholders on technical and policy issues, we do not expect that you approach the interactions in a vacuum. We expect you to do your homework ahead of time, to formulate “straw man” positions and strategies relevant to the topic at hand, to lend focus and coherence to those stakeholder interactions. That is not to say that you go in with your mind already made up, but that you begin with a premise, in order to achieve the very most from those discussions.