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REMARKS TO ALL NUCLEAR REGULATORY COMMISSION EMPLOYEES

BY

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U.S. NUCLEAR REGULATORY COMMISSION

MONDAY, DECEMBER 2, 1996

Good afternoon. With me today are Commissioner Rogers, Commissioner Dicus, Commissioner Diaz, and Commissioner McGaffigan. We have called all of you together today to discuss new directions for the NRC which the Commission has initiated.

As some of you may know, the Commission has been meeting over the past several weeks to consider how to build on our current excellent regulatory base to make the NRC even better and more effective. To that end we are here today to inform you of a major reorganization of the NRC that will become effective in a month, beginning January 5, 1997. The Commission has decided on this reorganization after carefully examining the current organizational structure and the insights gained from the various self-assessment efforts that the NRC has conducted over the past year. The Commission has determined that a new alignment of our top management will strengthen our ability to perform our mission of protecting public health and safety. In considering this new alignment, the Commission consulted with a senior management task force chaired by the Executive Director for Operations (EDO).

Those of you who are in this room, or are watching on video monitors, will see the new organizational chart. The current structure most affected by the change is that which reports to the Executive Director for Operations. As you can see, the new structure will have three deputy executive directors reporting to the Executive Director for Operations (EDO) instead of the two we now have. You also will notice a significant shift of the offices which report to the two current deputy EDOs.

Let me begin with the organization in the center of the chart: The Deputy Executive Director for Regulatory Programs. The Deputy Executive Director for Regulatory Programs will be responsible for the Office of Nuclear Reactor Regulation, the

Office of Nuclear Materials Safety and Safeguards, the four Regional Offices, and the Office of State Programs. Combining these offices under one deputy will provide an enhanced capability to ensure that regulatory programs which cross organizational boundaries at the office level are implemented in a consistent and coordinated manner. Regional reporting will no longer be separated for the materials and reactor programs. It is anticipated that the similarity of technical and policy issues associated with reactor and materials applications will be more evident, and that generic improvements to regulatory program effectiveness will be more readily apparent.

The next organizational change I would like to discuss is that under the Deputy Executive Director for Regulatory Effectiveness, Program Oversight, Investigations and Enforcement. The genesis for this grouping of NRC offices is the Commission's belief that the NRC needs to establish a high-level program evaluation focal point, independent of the line organizations with responsibility for the day-to-day regulatory programs. This grouping provides the affected organizations with the power to enhance regulatory effectiveness and program evaluation. The grouping of offices under this deputy also will place greater emphasis on lessons learned from our enforcement and investigative processes to ensure that they properly inform our regulatory activities and assessment of licensee performance by integration of their efforts. The placement of the Office of Research under this deputy will provide a more conducive structure to discover unknown and unexpected safety problems, and to better develop and provide the Commission with the technical bases for regulatory decisions for all regulatory programs.

Recent insights gained from issues associated with the reactor facilities in the northeast United States have convinced us that if we were better able to diagnose trends in licensee performance and regulatory program effectiveness earlier, and to make mid-course corrections as appropriate, we might have been able to avoid the need for costly and time-intensive lessons-learned reviews to diagnose where we have not been as effective as we could have been. As we move to an era of nuclear power industry restructuring and declining NRC and industry resources, it is imperative that we are able to diagnose potentially declining licensee performance as early as possible.

The third Deputy Executive Director under the EDO will be responsible for NRC management support programs. The grouping of the Offices of Administration and Personnel will enhance the ability to integrate the personnel, administrative and contract activities which undergird our regulatory mission. The inclusion of the Office of Small Business and Civil Rights (SBCR) under this deputy will ensure a continued emphasis on SBCR issues. The Commission will continue to review rigorously SBCR issues on a

regular basis to ensure that emphasis on these programs and issues is not diminished.

You will further notice from the organizational chart, that we have created a separate organization for the Chief Financial Officer. Under the current structure the EDO is also the CFO. Although Mr. Taylor has done a commendable job as both the EDO and CFO, the Commission believes that a separation of these two functions will relieve the EDO of a significant burden and allow him to concentrate his efforts on regulatory operations. This also is in accord with the Office of Management and Budget (OMB) guidance with respect to the appropriate implementation, going forward, of the CFO Act. The CFO will be responsible for agency-wide financial planning, policy, operations and systems. The separation of EDO and CFO also is consistent with the Commission decision earlier this year to establish an Office of Chief Information Officer reporting directly to the Chairman under the terms of the Information Technology Reform Act of 1996. The CIO will be responsible for the strategic use of information technology as a management tool across a spectrum of our activities. In accomplishing this task, the CIO will ensure an agency-wide approach to information management. The CIO responsibility also includes capital planning and performance-based management of information technology, as well as information management service functions.

An Executive Council (chaired by the EDO), made up of the EDO, CIO and CFO, establishes a management structure which should provide the NRC with a comprehensive agency-wide foundation for accomplishing our mission. This also will ensure that financial management and information management systems properly respond to regulatory program needs.

The Commission truly is excited about this new organizational alignment and is looking forward to its implementation next month. We believe this structure will form the basis for and will facilitate the implementation of policy decisions arising from the Strategic Assessment and Rebaselining Initiative, which has been underway for a year and is now tracking to a new NRC Strategic Plan, a Performance Plan and a multi-year Implementation Plan.

These important structural changes then form the backdrop for the announcement of a number of significant management changes at the NRC. We wish to inform all members of the NRC of the retirement of three individuals who have given distinguished service to the NRC and to the American public for many years.

Early next month, James M. Taylor, our Executive Director for Operations will be retiring. I know I speak for all the Commissioners in saying that it has been a privilege to have had

Jim Taylor as a colleague and an advisor. He is a man who cares deeply about his work, about people, and about protecting public health and safety. For more than 40 years, he has dedicated himself to exceptional performance in public service. His achievements are well known throughout the agency and beyond. He will be missed, both professionally and personally.

Also in early January, James L. Milhoan, our Deputy Executive Director for Nuclear Reactor Regulation, Regional Operations, and Research, will be retiring. Mr. Milhoan has given distinguished service to the Commission in a time of multiple challenges, and, in addition to his job as Deputy EDO, has spent his last year at NRC addressing those challenges by chairing the Strategic Assessment Steering Committee. He has done an outstanding job in every capacity in which he has served the NRC. My Commission colleagues and I have appreciated his work and will miss him greatly.

The Commission will be honoring both of these gentlemen at a retirement celebration in a few weeks. An announcement will be forthcoming very shortly.

Finally, Stewart Ebnetter, Administrator, Region II, will be retiring at the beginning of the year. Mr. Ebnetter also has a long and distinguished record of service to the NRC. The Commission has always appreciated his candid views on the nuclear industry.

The new Executive Director for Operations will be Leonard J. (Joe) Callan, currently the Regional Administrator of Region IV. Mr. Callan will be assuming the duties of EDO on February 16, 1997. He has served the agency for over 16 years. He began as a Resident Inspector and progressed to positions of ever greater responsibility in NRC's former Office of Inspection and Enforcement, and in Region IV. His performance in every assignment has been characterized by notable achievements, including development and implementation of innovative inspection techniques, and participation in the first NRC/USSR inspector exchange program. He served as Director of each of Region IV's three technical divisions, and has been the Regional Administrator since February 1994. He earned a bachelor of Naval Science degree from the U.S. Naval Academy with a major in Physics, and did graduate work in Nuclear Engineering at North Carolina State University. Prior to joining the NRC, Joe Callan was an officer in the United States Navy serving on submarines and as an instructor in the Navy's Nuclear Power School.

The three Deputy Executive Directors will be:

Edward L. Jordan (currently Director of the Office for the Analysis and Evaluation of Operational Data),

Deputy Executive Director for Regulatory Effectiveness, Program Oversight, Investigations, and Enforcement.

Hugh L. Thompson, Jr. (currently Deputy Executive Director for Nuclear Materials Safety, Safeguards, and Operations Support), Deputy Executive Director for Regulatory Programs.

Patricia G. Norry (currently Director of the Office of Administration), Deputy Executive Director for Management Support.

The new Director of the Office of Nuclear Reactor Regulation will be Samuel J. Collins, currently the Deputy Regional Administrator of Region IV. Mr. Collins also has served the agency for over 16 years. He began as a Resident Inspector and progressed to positions of increasing responsibility in the NRC's former Office of Inspection and Enforcement, and in Regions I and IV. He has served as Director of each of Region IV's three technical divisions, and has been Deputy Regional Administrator of Region IV since July 1995. Mr. Collins has been recognized throughout the NRC for numerous accomplishments in the national and international arenas. Mr. Collins is a graduate of the Maine Maritime Academy with a degree in Marine Engineering.

Decisions have not yet been made with respect to appointments of the CFO and CIO. A search is currently underway for the CIO position and will begin shortly for the CFO.

Before I close, let me make a few comments on a subject about which there has been much speculation in recent weeks. Since the retirement of William Russell in September, many people, both inside and outside the NRC, have focussed on Mr. Russell's replacement as the Director of the Office of Nuclear Reactor Regulation (NRR). However, given the organizational realignment and the impending retirement of the EDO and Deputy EDO, the Commission felt that it was imperative to make appropriate selections for all the critical senior management positions at one time, and that these selections and that of the new NRR Director be made in consultation with the new EDO. The Commission has moved quickly in doing this.

In conclusion, the Commission again wishes to express its deep appreciation to Mr. Taylor and Mr. Milhoan for their truly outstanding service to this agency and to the public we all serve. We also would like to express our appreciation to you, the men and women of the NRC. It is your efforts -- your dedication, your talent, your hard work -- that have made this agency the outstanding place that it is, and that will be the key to the successful implementation of our new organization. All of us on the Commission share this view. We ask you to keep up the

good work, to welcome the new management team, and to give them your wholehearted support. Thank you for your attention.