

No. S-97-22

"Enhancing Performance in a Time of Change"

by

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

at the

All Employees Meeting  
White Flint Complex, on The Green  
Rockville, Maryland  
Thursday, October 30, 1997, 10:30 a.m.

I. Introduction

Thank you, Mrs. Norry. Good morning, ladies and gentlemen. With me today are NRC Commissioners Greta Joy Dicus, Nils J. Diaz, and Edward McGaffigan, Jr. On behalf of my Commission colleagues, I would like to welcome all of you 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 telephone from the regions.

These "All Employee" meetings have become an annual tradition since 1991. They are intended to stimulate and to facilitate direct communication between the Commission and individual members of the staff; to clarify the Commission's agenda; to engender a shared vision; and to motivate the staff in pursuit of that vision. I should mention that, in keeping with these same purposes, I also have begun holding a series of small-group sessions with the staff, which have been referred to as "Chairman/Staff dialogues." Those sessions, which I began in August of this year, are proving to be extremely beneficial and positive for all involved, and I eventually hope to meet each of you in this context.

After my introductory presentation, our agenda today will be determined by your questions. I increasingly have become aware of how important it is that the Commission understand the perspectives and concerns of the staff, if we are to be effective in setting and directing agency policy. Conversely, it is equally important that the staff understands the perspectives of the Commission, the priorities and concerns that undergird Commission policy, decisions, and directives. We will respond to

your questions today based on our understanding of your concerns and our individual perspectives on those concerns.

Our format today will be similar to that used for previous sessions. Following this introduction, the Commission will entertain questions from any of the employees present here, on "The Green," as well as from any of the regional and field offices connected by telephone. As in previous years, we will hold a second session this afternoon, at 1:30 p.m., since we have insufficient space to accommodate all employees in a single session.

Before we address questions, let me take a few moments to review with you what we have accomplished, as an agency, since our last All Employees Meeting in October of 1996--as well as to discuss a few of the internal and external forces of change that will continue to shape our regulatory environment.

## II. Review of Accomplishments and Areas of Current Focus

First of all, on behalf of the entire Commission, let me extend my hearty congratulations to all of you for reaffirming, in an era of rapid and challenging change, that the NRC is a highly competent technical agency that employs extraordinarily gifted and dedicated individuals.

Let me give you a few examples of some of the more significant NRC accomplishments of the past 12 months. On March 3 of this year, we officially assumed regulatory jurisdiction over the U.S. Enrichment Corporation (USEC) gaseous diffusion plants in Piketon, Ohio, and Paducah, Kentucky. In May, we witnessed the culmination of nearly a decade of effort, when the Commission issued the final rules certifying the Advanced Boiling Water Reactor design, by GE Nuclear, and the System 80+ design, by ABB Combustion Engineering. On July 21, the Commission issued the final License Termination Rule, establishing radiological criteria for decommissioning and release of a facility for unrestricted use, and conditions and requirements for restricted release.

The NRC also has made significant progress on other fronts, in areas that continue to receive Commission focus. Allow me to mention just a few of these areas, both in terms of the progress we have made and in terms of what our agenda should be for the near future. The first such area is a grouping we often refer to as "design basis issues." Over the past year, we have made significant progress in this area, but our efforts also have made it clear that we need a "big picture" solution, rather than one more strip in a series of "band-aids." Currently, we have multiple methods of dealing with inoperable and/or degraded equipment, each with its own formula for classifying equipment--

structures, systems, and components (SSCs). We have 10 CFR 50.59; Generic Letter 91-18; Appendix B, Criterion XVI; the Technical Specifications, the FSARs, and other guidance--each created at a different point in the evolution of this agency, each with a specific purpose and scope. The resultant ambiguity and overlap of these methods, guidance documents, and requirements have created inconsistent application, or gaps in their application, that can create confusion and inefficiency both for us and for our various stakeholders. The agenda for the near future, therefore, is to find a unified, consistent approach that is also understandable, fair, and risk-informed.

Another area in which we are seeking a "big-picture" solution concerns the various NRC processes for assessing power reactor licensees--such as the use of the plant issues matrix (PIM), the plant performance review (PPR), the Systematic Assessment of Licensee Performance (SALP), and the Senior Management Meeting (SMM). NRR currently is working to devise an overall integrated approach to plant assessment that will clarify the objectives of each assessment method, eliminate redundancies, define roles and responsibilities, ensure consistency, reduce the administrative burden, and match the processes to staff resources.

A third area that has received a great deal of attention, both from the NRC staff and from outside observers, is the potential external regulation by the NRC of Department of Energy (DOE) nuclear facilities. Both the NRC and the DOE have created high-level task forces to identify the policy and regulatory issues needing analysis and resolution. In a June 1997 meeting, Secretary Peña and I (on behalf of the Commission) agreed on a pilot program to explore NRC regulation of DOE facilities. This pilot program would "simulate NRC regulation" of a selected set of DOE nuclear facilities, over a 2-year period, in order to help both agencies gain experience in this area. "Simulated regulation," as defined for the purposes of this pilot program, means that the NRC will test regulatory concepts and evaluate a facility and its standards, requirements, procedures, practices, and activities against standards that the NRC believes would be appropriate to ensure safety, in view of the nature of the work and the hazards at that pilot facility. "Simulated regulation" will involve NRC interactions with both the DOE and DOE contractors, and will involve inspections of each pilot facility to identify implementation issues, but will not result in enforcement actions to compel compliance with particular standards or requirements. Any significant inspection findings with a health and safety impact will be transmitted promptly to the appropriate DOE organization for review and corrective actions, as appropriate, by the pilot facility.

In the recently approved NRC Budget for FY98, the Congress designated \$1 million for this pilot program. The NRC and the

DOE have worked together to prepare a Memorandum of Understanding (MOU) to establish the pilot program framework. This MOU already has been signed by Secretary Peña. I expect to sign the MOU on behalf of the NRC in the near future, once the Commission has completed its formal action on it. Two pilot facilities have been chosen to date--the Lawrence Berkeley Laboratory and the Radiochemistry Facility at Argonne National Laboratory. We currently are finalizing the NRC teams for the pilot activities at each of these facilities--in fact, just yesterday an NRC group conducted a site visit to the Lawrence Berkeley facility. The third facility has not yet been chosen, but we are considering the possibility of a fuel storage facility. As we proceed in this area, we must ensure that our commitments do not overcome our resources--that is, that any new responsibilities we take on do not compromise our ability to regulate effectively within the scope of our current mission.

In an area that is somewhat related, we have continued to make progress in our activities with respect to our potential regulatory oversight of the Hanford Tank Waste Remediation Project. In January of this year, we signed an MOU with DOE regarding this project, and in May we established a full-time, permanent on-site NRC representative to handle our issues. At present we are continuing to establish review criteria relative to regulatory and licensing issues, and to review submittals of the DOE contractors.

In January of this year, DOE also issued its Record of Decision for the Storage and Disposition of Weapons-Usable Fissile Materials. The dual-track approach that DOE announced involves (1) immobilizing surplus plutonium with high-level radioactive waste in a glass or ceramic material, for direct geologic disposal; and (2) burning some of the surplus plutonium as mixed-oxide (MOX) fuel in existing commercial nuclear reactors. The NRC interest in this approach stems from three areas of potential impact: high-level waste, fuel cycle facilities, and commercial nuclear power reactors. The Commission received a briefing from DOE shortly after the Record of Decision was issued, and in February and March, the NRC sponsored two technical seminars--both open to the public, in which nuclear industry representatives made presentations on the fabrication of MOX fuel and its use in commercial reactors. More recently, the Commission received a second DOE briefing and update, in which the DOE acquisition strategy for MOX fuel fabrication and irradiation services was described. As this area continues to unfold, we must ensure that the NRC is prepared to perform its emerging regulatory role in a manner that ensures the protection of public health and safety, and that avoids unnecessary delays or costs.

Another area in which we have made considerable strides relates to information technology and information management. To ensure that the proper focus and emphasis is given to this area, the Chief Information Officer (CIO) has reorganized both processes and structure to fully integrate information management into program activities. A significant accomplishment in this area is the establishment and beginning implementation of a requirement that all budget requests related to information technology must be evaluated under the Capital Planning and Information Control (CPIC) process before an information technology system is included in the budget. The CIO also has developed a comprehensive plan to repair or replace systems to ensure that we are ready for the year 2000.

This set of topics is only a snapshot--based on my promise to be brief--but other issues that could be covered include the potential for tritium production in Commercial Light-Water Reactors, the Business Process Reengineering ongoing in NMSS, and various initiatives that come under the heading of Regulatory Excellence or Regulatory Effectiveness. In addition, this focus on change and transition should not minimize the tremendous accomplishment represented by your day-to-day efforts on tasks that fall within the more traditional scope of NRC efforts. What is significant to note is that, as an agency that is seeing changes on a variety of internal and external fronts, we have continued to be successful in adapting to and positioning ourselves for those changes,

A significant factor in this success, which in itself has been both a challenge and an accomplishment, is that we have operated for much of this year with a new organizational alignment--and, in many cases, with a new management team. Rarely, if ever, has the NRC gone through a year with so many individuals taking on new positions of significant leadership and management responsibility, concomitant with our organizational realignment at the beginning of 1997. In almost every case, these individuals have experienced challenges considerably greater or different in character from anything they had faced before, and I believe it is to their credit that the present management team--both in the Regions and in Headquarters, has made the transition so smoothly.

### III. Budget, Planning, and Strategic Assessment

Now let me get to my real area of focus. In making my rounds through various groups of working-level NRC staff, I have become increasingly aware of how important it is that each employee understands his or her roles and responsibilities--what we do, and why we do it. I also have noticed that the eyes sometimes "glaze over" when people hear the term "Strategic Assessment and Rebaselining"--primarily because it has been viewed by some as a

theoretical exercise with little or no practical value. Today I intend to mention Strategic Assessment and Rebaselining repeatedly, and I am going to ask each of you to pay close attention, because I intend to "personalize" the message--to emphasize how planning, budget, and strategic assessment have directly impacted--and will continue to impact--you and your daily tasks.

The foundation of Strategic Assessment and Rebaselining rests on change--the new elements being added to our mission; the changing world of those we regulate (i.e., new business environments), which dictates that we must change; new opportunities to use new tools to become more effective in our regulation; and changing expectations of our various stakeholders, including the public, the Executive Branch (as evidenced by Vice President Gore's National Performance Review), and the Congress.

Perhaps more than in any recent time, the U.S. Congress has taken a direct and intrusive interest in holding Federal agencies accountable and demanding that they justify their resource needs, their expenditures, and even their existence. None of you are unfamiliar with terms like reinventing government, or with concepts like "do more with less," or with the actual impacts of budget cuts. What is important to realize, however, is that the stakes are continuing to rise.

Let me give you an example. Most of you probably are aware of the information management issue known as the "Year 2000" problem--referring to the fact that most computer systems that manage dates and schedules are based on only the last two digits of the year, and therefore cannot differentiate between, for example, the year 2000 and the year 1900. What you may not know is that the member of the Congress who oversees information technology issues in the House recently issued a "report card" in which Federal agencies were graded on their progress in addressing this problem. This represents the high attention being given to this area by the Congress. Now consider the potential impact at a practical level: four agencies were put on notice by the Office of Management and Budget (OMB) that they will not receive any funding for buying new computer and other information technology systems in FY99 until they have plans in place to address the "Year 2000" problem in critical computer systems.

The point of this example is to illustrate the degree of detail and the level of interest that the Congress has in how well agencies can justify (1) what they do, (2) why they do it, and (3) the resources required. Looking backward from this perspective, the reason becomes obvious for the level of effort and attention the Commission has focused on Strategic Assessment, the Strategic Plan, and the Performance Plan.

Over two years ago, we undertook the Strategic Assessment and Rebaselining Initiative. Phase 1 was painstaking, but simple in nature. We attempted to answer two basic questions, across the agency and in exhaustive detail: (1) What do we do? and (2) Why do we do it? This phase, which was completed in April 1996, identified a series of topics on which the Commission needed to deliberate and make decisions. We called these topics "Direction-Setting Issues" (DSIs).

Phase 2 involved the development of options to address each of these issues. The Commission shared its preliminary views with stakeholders through the Internet and public meetings. The staff reviewed and summarized the comments from stakeholders on each issue paper, and the Commission made its final decisions on the DSIs. This phase was essentially completed in August 1996.

In Phase 3 we developed a new Strategic Plan, based on the results of Phases 1 and 2, undergirded by the DSI decisions, in which we set forth the long-term direction and goals of the NRC. In accordance with the Government Performance and Results Act, the Strategic Plan will be reviewed annually and updated every 3 years. When, last month, we submitted to Congress and OMB the NRC FY1997 - FY2002 Strategic Plan, Phase 3 of the Strategic Assessment and Rebaselining had officially come to an end. I also should note that a copy of the Strategic Plan was distributed to all employees this week, and I would encourage each of you to review it and provide feedback.

This brings us to the current and final phase of Strategic Assessment and Rebaselining: Implementation--or what has been referred to as the "Roll-out" of the Strategic Plan. Regardless of what your involvement has been to date, at this point in the process every employee should sit up and take notice. With the issuance of the Strategic Plan and the more dynamic Performance Plan that flows from it, we are putting into place an agency planning process. This is not an additional task to be added to your workload; it is the way to accomplish your work. In this "Phase of Strategic Assessment and Rebaselining," we are no longer talking about a "special, one-time effort," but rather a way of doing business. Each manager--and to a lesser extent, each employee--must understand (1) how to develop an operating plan for your area of NRC functionality; (2) how that plan fits into the overall Strategic Plan; (3) how to integrate that plan with the budget process; and (4) how to conduct performance monitoring for that plan. In fact, I would go so far as to pledge to the working-level staff that your managers, in the not-too distant future, will be sitting down to explain to you the linkages of the Strategic Plan with your specific area of work. I will be meeting with SES managers next month to emphasize precisely this need and expectation.

The new agency planning process will provide an effective approach for planning, budgeting, and assessing our performance against the goals of the Strategic Plan. The Chief Financial Officer (CFO), in conjunction with the other members of the Executive Council, has developed a new Planning and Performance Management System that will involve all employees in the planning process--down to the branch and section level. The four main components of the system are as follows: (1) setting the strategic direction and performance expectations for the specific organization; (2) determining the resources and the planned accomplishments necessary to meet those expectations; (3) measuring and monitoring performance against the established expectations; and (4) assessing performance, developing lessons-learned, and applying the results. This Planning and Performance System integrates many of the ongoing efforts associated with the Operating Plan, program reviews, and program evaluations. In many ways, this planning process represents a paradigm shift that relates not only to planning and resource management, but in the way that the NRC conducts business in general. I encourage all of you to become familiar with the goals of the Strategic Plan and to provide feedback on ways that we more seamlessly can integrate planning into our day-to-day efforts.

Let me attempt to link all of this together: the more information and planning involvement that the staff has at the first-line level, the more success we will have in meeting and adhering to the Strategic Plan. The more success we have in adhering to the Strategic Plan, the more "outcomes" oriented we will be, and the more likely we will be to have consistency and acceptable performance in our programs and in our budget process, in a way clearly linked to agency goals. And, given the current level of Congressional and stakeholder scrutiny, without success and consistency in our budget process, we cannot expect to succeed in accomplishing our mission as we understand it today.

#### IV. Conclusion

In summary, I hope that I have re-emphasized the significant progress we have made in a number of areas, the issues on which we must continue to remain focused, and in particular the need for additional effort in planning and financial management. Most importantly, I hope that I also have exhibited my pride at serving with you in this truly remarkable agency.

Now I would like to turn this meeting over to you. I would ask each of you who wishes to ask a question to use one of the microphones available so that everyone can hear your question. Please feel free to direct your question to any one of us. If your question is intended for all of us, I will refer it to each of my Commission colleagues in turn. May we have the first question, please?