

Assessment of Efficiencies to Be Gained by Consolidating or Eliminating Regional Offices

1. Background

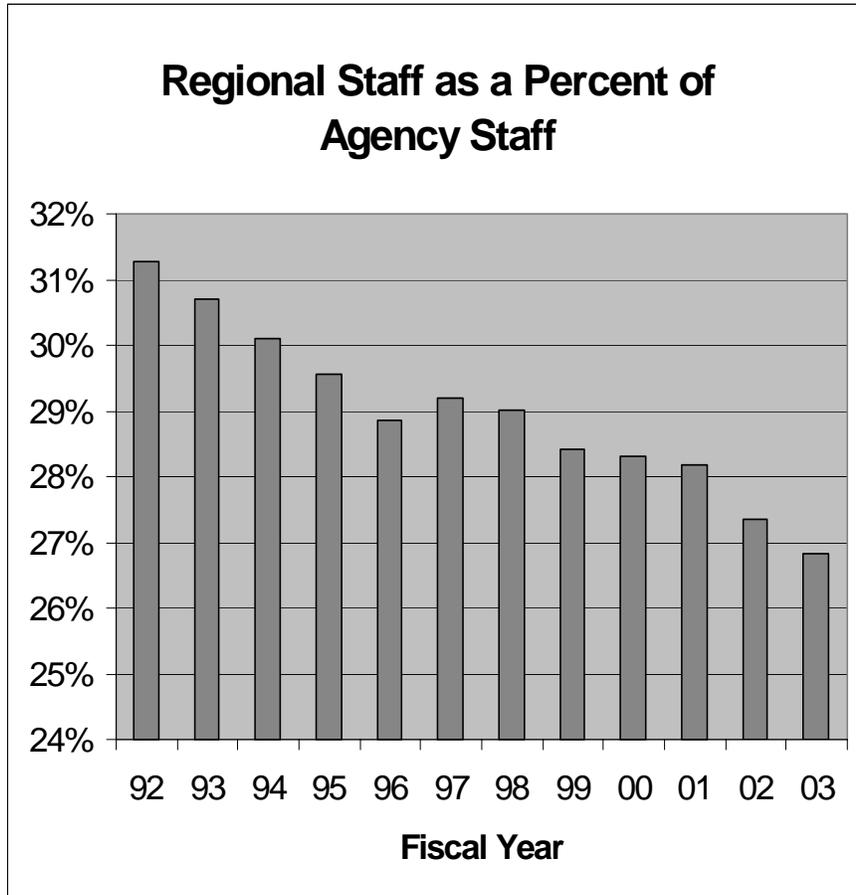
NRC maintains four regional offices: King of Prussia, Pennsylvania; Atlanta, Georgia; Lisle, Illinois; and Arlington, Texas. Approximately 850 agency employees are assigned to these offices. About 200 are resident inspector and support personnel stationed at reactor and fuel cycle facility sites; the rest are located in the four regional centers. Except for 28 employees stationed at our Technical Training Center in Chattanooga, Tennessee, the remainder of our 3000 employees are located at our Rockville, Maryland, headquarters.

NRC has periodically reviewed the workload and resources assigned to the regions, and taken several steps to improve their efficiency and effectiveness. In 1983, NRC established a field office in Denver, Colorado, to improve operations with regard to its responsibilities under the Uranium Mill Tailings Radiation Control Act of 1978. By 1994, the uranium recovery oversight program had matured to the point where the agency was able to eliminate the Denver field office and the infrastructure costs it entailed with no degradation in the uranium recovery program. Also in 1994, NRC reduced the number of regional offices from five to four, maintaining only a small field office in Walnut Creek, California. By 1998, the agency was in a position to maintain effective safety programs on the West coast without the necessity of a local field office. The field office was closed, with no adverse impact on public health and safety and some savings in overhead expenses.

In the 1994-1995 time frame, the agency conducted a thorough review of regional operations. A standard regional organization structure was developed to realign regional functions to be more consistent with those in headquarters program offices, to eliminate one layer of management, and to increase the span of managerial control. The new structure reduced the level of coordination needed between organizations, enhanced communications, and reduced the number of reviews and concurrences required to deliver regulatory services and products.

In 1998, the agency conducted another review of regional operations. The review considered consolidation and elimination scenarios, based on the most likely set of programmatic assumptions that could be made at that time. Cost projections made at the time indicated that the scenarios could generate some on-going savings. Implementation costs, however, would have been substantial. The estimated cost recovery time was approximately 7 years. Actual dollar amounts of costs and savings would be higher now, but given that the costs and savings would be similarly affected by inflation, cost recovery could be expected to continue to require 7-8 years. Adverse effects of the inevitable disruption to our program because of staff dislocations are less quantifiable but no less real. The most serious consequence would be the potential loss of highly skilled, difficult to replace staff.

Over time, these continuing efforts to align program activities and resource allocations to match changing workloads have resulted in a leaner regional operation. As the following chart indicates, the percent of NRC staff in the regions has steadily declined over the past several years.



2. Current Status

The Commission is continuing to explore ways to distribute workload and responsibilities that will improve operational efficiency and effectiveness in the regions. This effort is moving in the direction of specialized roles for some regions, stemming both from NRC regulatory developments and from fact-of-life changes in the external environment. For example, the Commission has recently approved the consolidation of fuel cycle facility inspection activities in Region II (Atlanta, Georgia), and the transfer of Region II materials licensing and inspection activities to Region I (King of Prussia, Pennsylvania). On one hand, most of the nation's current and planned fuel cycle facilities are already in, or in close proximity to, Region II. On the other, all but two of the states in Region II are Agreement States¹, and the two that are not, Virginia and West Virginia, are contiguous to Region I and much closer to the Region I office in King of Prussia than to Atlanta. This arrangement enables the agency to concentrate fuel cycle expertise in one region under one senior manager, and to eliminate the need for a materials licensing and inspection organization in Region II. Our expectation is that this will result in

¹Agreement States are states which, by agreement with, and in conformance with guidelines established by NRC, carry out materials licensing and inspection activities within their borders.

better staff development, more effective program implementation, and more efficient use of resources. Region IV (Arlington, Texas) has been equipped to serve as the alternate location for the agency's Emergency Response Center. The region is also expected to have specialized inspection and oversight responsibilities with regard to the Yucca Mountain high-level waste repository and related issues.

In the context of its fundamental mission, a robust regional presence is essential for the effective implementation of the agency's health, safety, and security programs. Public health and safety is better served with critical NRC expertise located close to the geographical area of our licensed activities. Whether overseeing routine licensed activities or reacting to unforeseen circumstances, a regional office can rapidly muster critical resources to a facility when a situation needs immediate attention and time is of the essence. The NRC can facilitate a more rapid response from a regional office to a contingency or emergency event at a close-by licensed facility. If an event should occur at a licensed site, the regional response is equivalent to that of a first responder. In addition, the regional staff have unique expertise in the area of field inspections and are familiar with the licensee location, procedures, strengths and weaknesses. This knowledge has been obtained through years of inspections and interactions with the licensee. The four regional offices each oversee 21 to 33 operating reactors, which permits optimal usage of management and staff to carry out inspections and respond to events. This cadre of readily deployable first responders to incidents and emergencies in four different geographical locations is critical to sustaining a ready, reliable, and sufficiently redundant response capability.

The agency's regional structure provides an effective and efficient base for interaction and coordination with counterparts and stakeholders at the state level. Regional Administrators are in frequent contact with state officials, developing and maintaining relationships that promote effective communication and cooperation. This is particularly pertinent with regard to the 32 states that are Agreement States, with whom NRC shares responsibility for public health and safety, safeguards, and security in the utilization of nuclear materials. Radiation control programs, whether related to nuclear materials licensees or nuclear facility sites, require close and continuing coordination of state and Federal efforts by staff who have built relationships of mutual understanding and assistance with their counterparts.

The regional structure also aligns well with the Administration's emphasis on close coordination with constituents and stakeholders. Regional offices bring NRC closer to the public it serves, giving stakeholders access to NRC officials in their own region of the country, and sometimes in their own community. This is particularly beneficial to members of the general public, who are far less likely than utility executives and members of industry associations to come to NRC headquarters to participate in NRC activities. Through its regional offices and its resident inspectors, the NRC is not only a regulator but a neighbor in the nuclear community. This community concept builds public confidence and partnership. A regulator living in the area of a regulated facility is usually perceived as testament to its safe operations.

All the regional offices are involved in heightened security and safeguards activities in light of the current threat environment. In fact, homeland security initiatives and objectives are compelling reasons for the agency's current regional structure. In the event that NRC headquarters is disabled due to fire, natural disaster, or terrorist attack, the regions -- and Region IV in particular -- would play a significant role in continuing the mission of protecting the

public health, safety, and security. In accordance with the October 1998, Presidential Decision Directive (PDD) 67 "Ensuring Constitutional Government and Continuity of Government Operations (COOP)," each executive branch agency was directed to prepare and maintain a plan for continuing its minimum essential functions at an alternate location, if necessary. The regions provide needed support to restore the ability of NRC to respond to security-related incidents within 3 hours, which meets the agency's goals. In the aftermath of 9/11 Region IV's role as the agency's alternate Emergency Response Center has been enhanced with the introduction of special secure communications capabilities. It is well situated for this; it is the closest regional office to the population center of the country, and it is connected to an electric power grid different from the power sources that support headquarters and the other regional offices.

3. Conclusion

In summary, program imperatives mandate maintenance of the agency's current regional structure. The four regional offices are integral and essential to achieving the agency's health, safety and security mission. They bring a critical dimension to – and are in many ways the heart of – the agency's safety culture. Regional personnel are usually the immediate deliverers of inspection services and the immediate responders in emergency situations. Their separation from headquarters fosters a sustained focus on, and vigilant commitment to, day-to-day operational safety. The regional office structure provides essential and highly effective support, guidance, and supervision both to the regional office-based inspectors and to the cadre of resident inspectors within the regional boundaries. Certainly, the costs of the regional offices should be kept as low as possible, and every opportunity to reduce them should be considered. But in the long run, their value far outweighs their costs. The regions epitomize the bottom line of NRC's commitment to public health and safety.