

POLICY ISSUE (Notation Vote)

August 12, 2005

SECY-05-0146

FOR: The Commissioners

FROM: Luis A. Reyes
Executive Director for Operations /RA/

SUBJECT: PROPOSED REORGANIZATION OF THE OFFICE OF NUCLEAR REACTOR
REGULATION

PURPOSE:

Proposed, for Commission approval, is a reorganization of the Office of Nuclear Reactor Regulation (NRR). This reorganization is being proposed to: (1) prepare for and discharge the increase in the new reactor licensing workload, (2) better align the organization for risk-informed regulation, and (3) reduce a layer of executive management to allow an increase in the number of first-line supervisors. If approved, the transition to this new organization would begin in October 2005.

BACKGROUND:

The last major NRR reorganization occurred in March 1999¹ and was implemented to increase responsibility and accountability by aligning the office consistent with major program areas such as licensing, inspection, performance assessment, and license renewal. The existing organization evolved from the 1999 reorganization as shown in Attachment 1. The proposed reorganization would restructure NRR's current organization mainly to prepare for the anticipated increase in the new reactor licensing workload (Attachment 2). The staff believes the proposed reorganization will improve the effectiveness and efficiency of NRR's programs and processes.

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¹Memorandum from S. Collins, NRR, to P. Bird, Office of Human Resources, "Proposed Reorganization of the Office of Nuclear Reactor Regulation," dated September 18, 1998

The staff performed a comprehensive review of the existing programmatic functions of the office to determine a more effective and efficient way to fulfill NRR's mission, given the projected organizational needs. This review addressed several issues that would be factored into the restructured office, such as results from the 2002 Office of the Inspector General Culture Survey regarding management and supervision and areas for improvement identified in NRR's Roles and Responsibilities Initiative. Based on this comprehensive review, the staff realized the need to better position the organization to address these issues and handle a significant increase in work in both new reactor licensing and risk-informed initiatives.

DISCUSSION:

NRR senior managers met to develop the proposed reorganization framework and transition strategy. They proposed a reorganization that would reduce the number of Senior Executive Service (SES) management positions to allow for an increase in the number of first-line supervisory positions and an elimination of a layer of management. Attachment 3 contains a table indicating the number of SES positions for the current and proposed organizations.

The proposed reorganization would realign major work functions within smaller divisions. The functional work units (sections and teams) of existing divisions would also be realigned. To better focus new reactor licensing and risk-informed regulatory initiatives, activities, and synergy, new divisions for each function would be created. Additionally, to group the divisions into areas of engineering systems, operating reactor oversight and licensing, and risk assessment and new projects, three Associate Directors (ADs) would be created to replace the one AD currently in place.

The staff concluded that some sections need to be reduced in size to provide better first-line supervision. This reduction in the size is particularly significant since the anticipated funding in fiscal year 2006 (FY-06) and likely budget increases in FY-07 for new reactor licensing could mean a growth of 150 staff for NRR. Most of this staff growth will be entry-level professionals, which will place additional demands on first-line supervisors.

Although the proposed reorganization should support growth for FY-06 and FY-07, resources for out years would be subject to change and additional modifications may be necessary. The proposed organization framework is flexible and would be able to support any necessary changes.

Organizational Structure

The current NRR organizational structure (Attachment 1) evolved from the 1999 reorganization. The proposed reorganization would expand from five large technical divisions to nine smaller divisions with a goal of less than 80 staff per division. The Program Management, Policy Development and Planning Staff (PMAS) would remain the same as in the current organization and report directly to the office director. Also, three ADs would be established to oversee the functions of the nine divisions (Attachment 2).

First-line supervisors would be redesignated as branch chiefs with additional branch chiefs being created to meet FY-06 staffing plan estimates.

Impact on SES Positions

The proposed reorganization would include a top-down realignment of SES positions, maintaining the current 30 positions with multiple deputy directors in some divisions. This is needed to facilitate change to management controls and ensure a smooth transition to the new organization. When completely implemented, the reorganization would reduce the number of SES positions by six (30 to 24). These six positions would be eliminated through attrition. The final organization would have one deputy director for each technical division. Essentially, the reorganization would increase the number of division directors and deputies, and eliminate branch-level SES positions. The elimination of branch-level positions is consistent with the agency's efforts to reduce layers of management as discussed in SECY-03-0011, "Response to June 27, 2002 Staff Requirements Memorandum on Human Capital Management and Workforce Planning," dated January 27, 2003.

The proposed reorganization should facilitate projected growth for FY-06 and FY-07 to prepare for the expected FY-08 new reactor workload. However, the resources for out years are subject to change and may necessitate further reorganization, including creation of another division. Thus, the number of SES positions could change from this proposal. Further, the reorganization may result in staff-to-supervisor ratio of less than 8.5:1 during transition to the final organization.

If the Commission approves the proposed reorganization, the staff will base decisions regarding SES and other supervisory reassignments on performance history and demonstrated management, technical and administrative competencies. The staff would move to the new organizational structure at one time after approval, beginning in October 2005.

Increased Focus on New Reactor Licensing

As discussed in SECY-05-0013, "Semiannual Update of the Status of New Reactor Licensing Activities and Future Planning for New Reactors," dated January 12, 2005, recent developments within the United States and abroad have increased interest in licensing and construction of new reactors. Given this heightened interest, the staff's recent completion of its technical review of the Westinghouse Advanced Plant (AP) 1000 design certification application, and the staff's continued progress on the reviews of three early site permit applications, the staff proposes to reorganize NRR to be in the best organizational (programmatic and technical) position to review new reactor license applications. To this end, the Division of New Reactor Licensing would be created to place greater organizational emphasis in this area. Additionally, with the anticipated growth in the coming years in the Nuclear Regulatory Commission (NRC) and NRR's budgets for new reactor licensing activities, this reorganization would ensure resources are allocated in the most effective, efficient way.

To prepare the agency in this area, a team reporting to the NRR deputy director has been formed to address the immediate and future staffing needs in the new reactor licensing area. This team is addressing resource needs, hiring and recruiting efforts, and knowledge management and training issues associated with new reactor licensing.

Organizational Realignment for Risk-Informed Regulation

As described in recent updates to the Commission on the staff's risk-informed initiatives (e.g., SECY-05-0068, "Update of the Risk-Informed Regulation Implementation Plan," dated April 22, 2005), the staff continues to make significant progress in its efforts to support the agency's Strategic Plan and Probabilistic Risk Assessment Policy Statement.

While the current NRR organization has furthered the NRC's goal of maintaining a risk-informed, performance-based approach to regulation, the proposed organization would strengthen this approach by consolidating risk-informed programmatic functions into a new Division of Risk Assessment. The proposed reorganization would also add an AD to oversee the integration of the risk-based initiatives of various NRC divisions and programs.

Consistency With Agency Supervisory Ratio Target

The staff has evaluated the impact of the proposed reorganization on various management targets. In the proposed reorganization, the staff would continue to operate within established management targets for supervisory ratios and GG-14 and above positions. Based on current projections, the supervisory ratio in the proposed organization would be greater than or equal to 8.5:1. However, during the transitional period (i.e., until the final number of SES managers is reduced to 24), the supervisory ratio may be less than 8.5:1.

While the number of SES managers would be reduced, the number of supervisory GG-15 positions would be increased to achieve improved staff oversight at the first-line supervisory level. The supervisory GG-15 positions would be branch chiefs in the proposed organization.

The staff is currently evaluating the revised office targets for GG-14 and above positions and the grade restructuring goals provided in the June 24, 2005, Office of Human Resources (OHR) memorandum, "Position Management." The staff will ensure that the NRR staffing plan is consistent with OHR's position management targets and goals.

The proposed reorganization would not reduce the existing number of Senior Level System employees.

Modified Functional Statements

Functional statements for each division in the current and proposed organizations are attached (Attachment 4). As discussed earlier, the programmatic functions of existing NRR divisions would be realigned to better position the office for the increase in new reactor licensing and risk-informed regulation activities. The proposed functional statements reflect the organizational realignment.

Implementation of the Proposed Organization

Upon Commission approval, the reorganization, or any future changes to the reorganization, would be implemented once appropriate union interactions have been completed. NRR management has held preliminary discussions with the NRR Labor/Management Partnership Committee on the basic framework, goals, and objectives of the proposed reorganization. It is believed that any further changes to the proposed organization will not impact the basic structure or concept of the reorganization as proposed herein. As the staff continues to refine the staffing plan, it may be necessary to establish additional branches in order to ensure appropriate staff-to-supervisor ratios. In addition, if branches are added to accommodate additional staff and workload, another division may also be created, resulting in a smaller reduction in the final number of SES positions.

The staff requests Commission approval to implement the proposed reorganization in October 2005.

RESOURCES:

The proposed reorganization would be implemented based on NRR's current budget projection for FY-06.

COMMITMENTS:

The staff commits to implement the reorganization consistent with the recommendations discussed below and upon Commission approval.

RECOMMENDATIONS:

The staff recommends that the Commission approve the following:

- 1) The proposed NRR reorganization as discussed herein.
- 2) The proposed October 2005 implementation date of the reorganization, upon completion of appropriate union interactions.
- 3) A staff-to-supervisor ratio for the office of less than 8.5:1 during transition to the final organization.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objection to the proposed reorganization. The Office of the Chief Financial Officer has reviewed this paper and has no objection to the proposed reorganization.

/RA W. Kane acting for/

Luis A. Reyes
Executive Director
for Operations

- Attachments:
1. Current NRR Organizational Chart
 2. Proposed NRR Organizational Chart
 3. Senior Executive Service Management Positions
 4. Current NRR Functional Statements
 5. Proposed NRR Functional Statements

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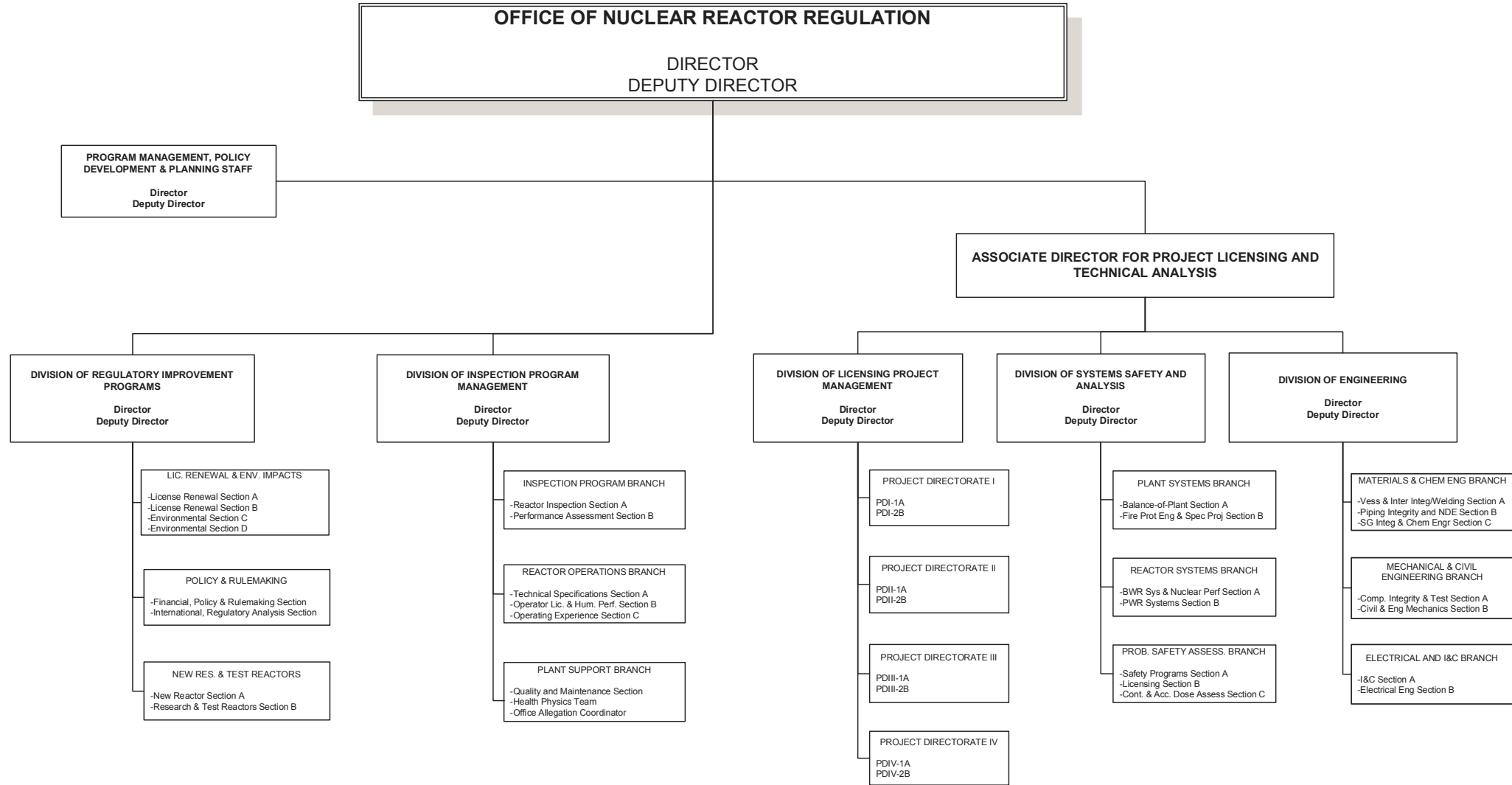
Luis A. Reyes
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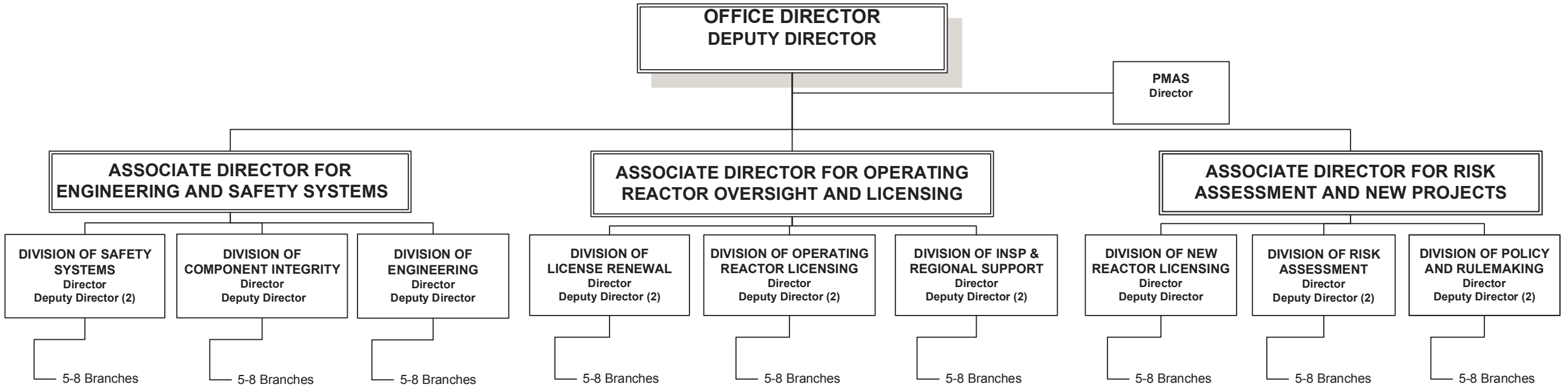
*concurred via e-mail

OFFICE	PPRB/MA	PPRB/TL	PPRB/BC	TECH ED	PMAS/D
NAME	RBouling	LSapp	JTappert	PKleene	CCarpenter
DATE				08/03/05	
OFFICE	OHR*	OCFO	OGC	NRR/D	EDO
NAME	KGibson for JMcDermott	JFunches (per telecon)	M. Itzkowitz	JDyer (BBorchardt acting for)	LReyes (WKane acting for)
DATE	08/10/05	08/11/05	08/11/05	08/11/05	08/12/05

EXISTING ORGANIZATION



OFFICE OF NUCLEAR REACTOR REGULATION *PROPOSED ORGANIZATION*



**OFFICE OF NUCLEAR REACTOR REGULATION
SENIOR EXECUTIVE SERVICE MANAGEMENT POSITIONS**

POSITION TYPE	CURRENT	TRANSITION	FINAL
Office Director Deputy Office Director PMAS Director	3	3	3
Associate Directors	1	3	3
Division Directors Deputy Division Directors	10	24	18
Branch Chiefs	16	0	0
TOTAL	30	30	24

OFFICE OF NUCLEAR REACTOR REGULATION
CURRENT FUNCTIONAL STATEMENTS

OFFICE OF NUCLEAR REACTOR REGULATION

Responsible for ensuring the public health and safety through licensing and inspection activities at all nuclear power reactor facilities in the United States. Responsible for the oversight of all aspects of licensing and inspection of manufacturing, production, and utilization facilities (except for facilities reprocessing fuel and performing isotopic fuel enrichment), and receipt, possession, and ownership of source, byproduct, and special nuclear material used or produced at facilities licensed under 10 CFR Part 50. Develops policy and inspection guidance for programs assigned to the regional offices and assesses the effectiveness and uniformity of the region's implementation of those programs. Identifies and takes action in coordination with the regional offices regarding conditions and licensee performance at such facilities that may adversely affect public health and safety, the environment, or the safeguarding of nuclear facilities and assesses and recommends or takes action in response to incidents or accidents. Responsible for licensing issues and regulatory policy concerning reactor operators, including the initial licensing examination and requalification examinations; emergency preparedness, including participation in emergency drills with federal, state, and local agencies; radiation protection; and security and safeguards at such facilities, including fitness for duty. NRR responsibilities include the technical review, certification, and licensing of advanced nuclear reactor facilities and the renewal of current power reactor operating licenses.

PROGRAM MANAGEMENT, POLICY DEVELOPMENT & PLANNING STAFF (PMAS)

Provides leadership and manages strategic and programmatic planning, short-range program planning, resource forecasting and allocation, and budgeting through the planning, budgeting, and performance management (PBPM) process. Manages, controls and coordinates the execution of the Office's financial resources and associated contracting activities. Provides independent review of office policy papers and issues to ensure completeness, accuracy, consistency with budgeted resources, and adherence to agency and office policy. Enhances communication. Provides oversight and support of information management and technology. Provides administrative and management support in areas including human resource management, facility management, training, FOIA coordination, and principal correspondence. Facilitates continuous organizational improvement by developing and improving Office infrastructure.

DIVISION OF INSPECTION PROGRAM MANAGEMENT (DIPM)

DIPM develops policy and provides overall program management and planning for the reactor inspection and performance assessment programs for commercial nuclear power plants. Develops standards and regulatory guidance for licensees in the areas of quality assurance, maintenance rule, and provides oversight of licensee quality assurance activities related to nuclear vendor/supplier performance. Develops and oversees the radiation protection inspection and licensing programs. Responsible for the development, maintenance, implementation and oversight of the NRR allegations management programs. Implements programs and procedures to systematically assess and screen daily reactor events,

recommend immediate corrective plant-specific and generic actions, and coordinate the followup of events. Responsible for the NRR generic issues management program including the development of rules and associated regulatory guidance to address these issues. Issues NRC correspondence such as Generic Letters, Bulletins, and Information Notices to address generic concerns. Develops programs and guidelines to improve generic technical specifications and provides NRR interpretations of technical specification requirements. Develops policies and guidance and implements the national program for the licensing of nuclear reactor operators. Develops programs and conducts reviews to ensure the effective consideration of human factors engineering in nuclear power plant design and operation and the adequacy of facility training programs and emergency operating procedures.

DIVISION OF REGULATORY IMPROVEMENT PROGRAMS (DRIP)

Responsible for the technical review, certification, and licensing of advanced nuclear reactor facilities. Responsible for the development of rules within NRR and the documentation and implementation of policies and procedures. Develops the policy and program implementation in licensee financial, insurance, indemnity, and antitrust matters. Responsible for license renewal and environmental activities. Provides project management for NEI activities.

ASSOCIATE DIRECTOR FOR PROJECT LICENSING AND TECHNICAL ANALYSIS

Provides overall project management activities related to licensing activities associated with power reactors. Provides management direction of technical evaluations and assessment of technical issues including: systems safety, engineering, and risk assessment. Interacts with the other directors to resolve or recommend resolution of policy on major office-level programmatic issues.

DIVISION OF ENGINEERING (DE)

Performs engineering-related safety evaluations of licensee's implementation of NRC requirements, changes to existing licenses including license extensions, and applications for new facilities or designs. Provides engineering expertise for special inspections, projects, programs, and policy activities.

DIVISION OF LICENSING PROJECT MANAGEMENT (DLPM)

Implements the policy, programs, and activities, including coordinating licensing and technical reviews, associated with the overall safety and environmental project management for individual power reactors located in the Regions. Performs the overall safety and environmental project management and monitors routine operations of power reactors in the Regions. Manages the review and processing of license amendments and other requests requiring NRC approval. Serves as headquarters contact with licensees, the Regions, and other stakeholders in matters pertaining to assigned facilities. Coordinates other licensing tasks such as evaluating information received from licensees in response to NRC requests, preparing responses to public petitions and correspondence, and providing assistance to the Regions or other NRC organizations. Coordinates and provides presentations to the Commission, ACRS, industry groups, and other government offices on specific projects and subjects. Project Directorate IV also has responsibility for performing licensing functions for decommissioning power reactors, and provides project management for Nuclear Steam Supplier owners groups and associated topical reports.

DIVISION OF SYSTEMS SAFETY AND ANALYSIS (DSSA)

Performs systems-related safety evaluations of licensee implementation of NRC requirements, changes to existing licenses, and applications for new facilities or designs and provides technical support and expertise for special projects, programs and policy activities. Implements use of probabilistic risk assessments into regulatory decision making and rule-making. Performs and evaluates probabilistic safety assessments for nuclear power plants and evaluates design-basis and severe accident issues as they relate to advanced plant designs and current generation plants.

OFFICE OF NUCLEAR REACTOR REGULATION
PROPOSED FUNCTIONAL STATEMENTS

OFFICE OF NUCLEAR REACTOR REGULATION

NRR is responsible for accomplishing key components of the NRC's nuclear reactor safety mission. As such, NRR conducts a broad range of regulatory activities in the four primary program areas of rulemaking, licensing, oversight, and incident response for commercial nuclear power reactors, and test and research reactors to protect the public health, safety, and the environment. NRR works with the regions and other offices to accomplish its mission and contribute to the agency mission.

PROGRAM MANAGEMENT, POLICY DEVELOPMENT & PLANNING STAFF

Provides leadership and manages strategic and programmatic planning, short-range program planning, resource forecasting and allocation, and budgeting through the planning, budgeting, and performance management (PBPM) process. Manages, controls and coordinates the execution of the Office's financial resources and associated contracting activities. Provides independent review of office policy papers and issues to ensure completeness, accuracy, consistency with budgeted resources, and adherence to agency and office policy. Provides and enhances communication to stakeholders. Provides oversight and support of information management and technology. Provides administrative and management support in areas including human resource management, work planning, tracking and coordination, facility management, training, FOIA coordination, and principal correspondence. Facilitates continuous organizational improvement by developing and improving Office infrastructure.

ASSOCIATE DIRECTOR FOR ENGINEERING AND SAFETY SYSTEMS

Provides management direction of technical evaluations and assessment of technical issues including systems safety, and engineering. Interacts with the other associate directors to resolve or recommend resolution of policy on major office-level programmatic issues. Responsible for the NRR allegations program.

DIVISION OF SAFETY SYSTEMS

Provides nuclear plant systems-related analysis to assess the appropriateness of changes to existing licenses including amendments, exceptions, extensions, and applications for new facilities or designs. This analysis focuses on plant safety-related and non-safety-related systems (balance of plant), core physics, and core thermal hydraulics performance. Provides expertise for other related purposes such as specific safety issue resolution, special inspections, and event and incident response.

DIVISION OF COMPONENT INTEGRITY

Performs engineering-related safety evaluations of licensee's implementation of NRC requirements, changes to existing licenses including license extensions, and applications for new facilities or designs. Expertise focus includes materials engineering, nondestructive examination techniques, flaw evaluation and repair, and reactor coolant system component integrity and fabrication. Provides engineering expertise for special inspections, projects, programs, and policy activities.

DIVISION OF ENGINEERING

Performs engineering-related safety evaluations of licensee's implementation of NRC requirements, changes to existing licenses including license extensions, and applications for new facilities or designs. Expertise focus includes mechanical, civil, and electrical engineering, as well as instrumentation and control systems, and quality assurance. Provides related expertise for special inspections, projects, programs, and policy activities.

ASSOCIATE DIRECTOR FOR OPERATING REACTOR OVERSIGHT AND LICENSING

Provides overall policy, planning, and management direction for the project management and technical review of operating reactor licensing and license renewal activities, non-radiological environmental issues, standard technical specifications, and the reactor inspection and performance assessment programs. Provides management direction of technical evaluations and assessment of technical issues involving: operator licensing, human factors, and radiation protection. Interacts with the other associate directors to resolve or recommend resolution of policy and office-level programmatic issues.

DIVISION OF LICENSE RENEWAL

Provides centralized program management and technical reviews associated with license renewal and environmental activities.

DIVISION OF OPERATING REACTOR LICENSING

Implements the policy, programs, and activities, including coordinating licensing and technical reviews, associated with the overall safety and environmental project management for individual operating power reactors located in the Regions.

DIVISION OF INSPECTION AND REGIONAL SUPPORT

Develops policy and provides overall program management and planning for the reactor inspection and performance assessment programs for commercial nuclear power plants. Develops and oversees the radiation protection inspection programs. Implements programs and procedures to systematically assess and screen daily reactor events, coordinate the follow-up of events, and recommend corrective plant-specific and generic actions. Develops programs and guidelines to improve generic technical specifications and provides interpretations of technical specification requirements. Develops policies and guidance and implements the national program for the licensing of nuclear reactor operators. Develops programs and conducts reviews to ensure the effective consideration of human factors engineering in nuclear power plant design and operation and the adequacy of facility training programs and emergency operating procedures.

ASSOCIATE DIRECTOR FOR RISK ASSESSMENT AND NEW PROJECTS

Provides overall policy, planning and management direction for the project and technical review of design certifications, early site permits, and combined license applications. Provides management direction of probabilistic risk assessment activities, rulemaking, and policy and program implementation in licensee financial, insurance, indemnity, and antitrust matters. Provides management direction for the agency's Generic Communication program and its oversight of licensees that possess decommissioning plants or operate research and test reactors. Interacts with the other associate directors to resolve or recommend resolution of policy and off-level programmatic issues.

DIVISION OF NEW REACTOR LICENSING

Responsible as the project management organization for design certification application reviews, early site permit application reviews, combined license application reviews and new reactor pre-application activities.

DIVISION OF RISK ASSESSMENT

Develops and implements policies and guidance for the use of probabilistic risk assessments in regulatory decision making and rulemaking. Performs and evaluates probabilistic safety assessments for nuclear power plants, evaluates severe accident issues as they relate to new plant designs and current generation plants, evaluates design basis containment, ventilation and fire protection systems performance, and performs and evaluates accident dose assessments. Provides expertise for other related purposes such as specific safety issue resolution, special inspections, and event and incident response.

DIVISION OF POLICY AND RULEMAKING

Responsible for the development, documentation, and implementation of policies and procedures for rules within NRR. Develops the policy and program implementation in licensee financial, insurance, indemnity, and antitrust matters. Manages the agency's Generic Communication program. Performs oversight of licensees who possess decommissioning plants or operate research or test reactors.