

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

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BRIEFING ON PROJECT AIM 2020

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THURSDAY,

DECEMBER 17, 2015

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ROCKVILLE, MARYLAND

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The Commission convened in the Commissioners Hearing Room at the Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, at 9:30 a.m., Stephen G. Burns, Chairman, presiding.

COMMISSION MEMBERS:

- STEPHEN G. BURNS, Chairman
- KRISTINE L. SVINICKI, Commissioner
- WILLIAM G. OSTENDORFF, Commissioner
- JEFF BARAN, Commissioner

ALSO PRESENT:

ANNETTE VIETTI-COOK, Secretary of the  
Commission

MARGARET DOANE, General Counsel

NRC STAFF:

- DARREN ASH, Chief Information Officer
- FRED BROWN, Assistant for Operations, Office of the

Executive Director for Operations

MIRIAM COHEN, Chief Human Capital Officer

MICHELE EVANS, Deputy Director for Reactor Safety

Programs and Corporate Support, Office of

Nuclear Reactor Regulation

VICTOR McCREE, Executive Director for Operations

SCOTT MOORE, Acting Deputy Director, Office of

Nuclear Materials Safety and Safeguards

DAVID SKEEN, Deputy Director, Office of

International Programs, and Executive Champion

for Centers of Excellence

JENNIFER UHLE, Director, Office of New Reactors

MAUREEN WYLIE, Chief Financial Officer

1 P-R-O-C-E-E-D-I-N-G-S

2 (9:31 a.m.)

3 CHAIRMAN BURNS: Well, good morning,  
4 everyone, and we are here to have a briefing on progress  
5 on Project Aim 2020.

6 Before we begin, I do want to acknowledge  
7 it was publically released that two of our executives  
8 received the Presidential Meritorious Executive Award,  
9 Scott Flanders and Kriss Kennedy. So I want to extend  
10 our congratulations to them for the fine work that they  
11 have done over the years for the agency.

12 And with that, I am going to welcome the  
13 staff and those here in the audience, and who may be  
14 listening in on today's briefing. The purpose of  
15 today's meeting is to discuss the project on --  
16 progress, excuse me, on Project Aim implementation. As  
17 many of you know, the implementation of Project Aim is  
18 intended to help the agency to better position itself  
19 with respect to the challenges in the coming years.

20 And we look forward to hearing from staff  
21 on the implementation that is going on and, with that,  
22 I would ask my colleagues if they have any other remarks  
23 before we open. If not, I will turn it over to Vic  
24 McCree, the Executive Director for Operations.

1                   MR. McCREE: Good morning, Mr. Chairman,  
2                   Commissioners. Maureen and I and some of the members  
3                   of the Project Aim team are pleased to be able to speak  
4                   with you this morning about this period of change that  
5                   we are going through and the opportunity that it  
6                   presents to us. While our safety and security mission  
7                   remains paramount, we are actively engaged in our  
8                   efforts to implement the Commission's direction in the  
9                   June 2015 Staff Requirements Memo on Project Aim 2020.

10                          Specifically, we are implementing the plan  
11                   laid out in August and making progress towards the goal  
12                   of becoming a more agile agency and one that is sized  
13                   for current and future levels of work. All the Project  
14                   Aim tasks have involved engagement and input from staff  
15                   and have demonstrated close collaboration and  
16                   coordination across organizational lines.

17                          There have been everyday examples of living  
18                   the NRC values as we fulfill the agency's mission. And,  
19                   of course, this is one of our priority focus areas, and  
20                   it is encouraging to see our values reflected in the way  
21                   we are engaging one another on a number of very  
22                   significant issues.

23                          Our next major deliverable to the  
24                   Commission will be our rebaselining recommendations on  
25                   work that can be shed, deprioritized, or done with fewer  
26                   resources. We have identified the initial proposed  
27                   changes based on the common prioritization process.

1                   We now plan to send you two Commission  
2 papers. The first paper will be delivered in late  
3 January, and it will be a comprehensive list of the  
4 activities that can be shed or deferred. If adopted,  
5 some of these decisions might be implementable during  
6 the remainder of this fiscal year, fiscal year 2016.  
7 The second paper to be delivered in early March will  
8 include known significant workload changes through  
9 fiscal '20 and longer term efficiencies or scope  
10 changes.

11                   Next slide, please.

12                   We will start today's meeting by discussing  
13 the progress on Project Aim Implementation. Fred  
14 Brown, to my left, will describe the common  
15 prioritization process as well as an update on the  
16 rebaselining of work of the agency.

17                   Next, Darren Ash, to my right, will provide  
18 an update on our overhead consolidation efforts, and  
19 Dave Skeen will discuss the recommendations provided to  
20 you in a recent SECY paper on potential Centers of  
21 Expertise.

22                   Michele Evans will then describe how the  
23 Office of Nuclear Reactor Regulation is implementing  
24 some of the Project Aim strategies and incorporating the  
25 additional direction we received from you in the Staff  
26 Requirements Memorandum for Project Aim. Miriam Cohen  
27 will provide an update on human capital and workforce

1 planning. And, finally, Maureen Wylie will highlight  
2 some upcoming milestones between now and the end of May  
3 of 2016.

4 I will now turn it over to Fred Brown.

5 MR. BROWN: Thank you, Vic. Good morning.  
6 So as I start, I will remind the Commission, as you well  
7 know, common prioritization is about improving the  
8 agility of the agency; improving our ability, if we get  
9 unexpected work, to determine what resources should be  
10 moved to that work and what the impacts of doing that  
11 would be. And rebaselining is slightly different.  
12 Rebaselining is associated with sizing the agency for  
13 our workload.

14 But the two go together, because they are  
15 both based on what work we have currently that needs to  
16 be done. So, on my first slide, I will talk a little  
17 bit about the common prioritization process.

18 We started this process by asking  
19 ourselves, what work do we do? Why do we do it? And  
20 how can we do it more efficiently? And the first thing  
21 we did is went out to internal stakeholders and external  
22 stakeholders, as we discussed in September with you, and  
23 asked for suggestions on things that could be done  
24 better.

25 All those suggestions were funneled to the  
26 offices that actually do the agency's work, and the  
27 subject matter experts and responsible line managers in

1 each of those offices built on those suggestions and  
2 their knowledge to prioritize the work within their  
3 local unit, and then, at a business level, assemble all  
4 of that work on a business line or a corporate product  
5 line basis.

6           Once that was done and the responsible  
7 office directors believed that it had been done with a  
8 high quality and effectiveness, the lists were brought  
9 together by a group of deputy office directors from  
10 across the agency with broad participation who merged  
11 those individual lists into a true common  
12 prioritization list of all of the agency's work. And  
13 in my next two slides I will describe the criteria that  
14 we used for doing that.

15           So once we had that baseline of our existing  
16 workload, we went back to the existing agency procedure  
17 for adding, shedding, and deferring work when we get  
18 emergent needs, and we revised it so it now utilizes the  
19 same criteria that the common prioritization list is  
20 based on. So we now have a tool that, as emergent work  
21 comes in, we can make quick and effective decisions  
22 about what to work on based on its priority, and what  
23 work won't be done as a result of the new work.

24           I am very confident in the products that we  
25 have developed, we completed in early December. And  
26 having said that, I think that they will continue to  
27 evolve. We have tabletops scheduled in the

1 January/February timeframe to make sure that we can  
2 optimize around the common prioritization aspects of  
3 the work, because, as I mentioned, we were also looking  
4 at the end product rebaselining as we created the common  
5 prioritization list.

6 So if we move to the next slide, I will talk  
7 a little bit about the criteria that we used to bin and  
8 rank the work of the agency across business lines and  
9 product lines. We concluded that the most important  
10 thing that we can do is to respond to current safety or  
11 security issues facing the agency, including emergency  
12 response. So we put all of those activities into the  
13 highest priority bin. And then, below that, you know,  
14 we went back to our core mission of rulemaking, of  
15 licensing, and inspection for existing facilities or  
16 facilities that will be operating in the near term. And  
17 when I say "facilities," I mean material licensees and  
18 our entire spectrum of licensees.

19 We said those are our second highest bin by  
20 priority, followed closely behind by similar work for  
21 facilities or licensees that aren't going to be  
22 operating in the immediate future. And then, below  
23 that, in our fourth bin, we put all of the activities  
24 that are necessary to support, either directly or  
25 indirectly, the work in the first three bins.

26 Just two things to say about the binning  
27 process, there are kind of indirect or support functions



1 that when you look at them they are integral and required  
2 for work in the first three bins. So, for instance, an  
3 electronic IT system that is used for rulemaking,  
4 specifically indirectly, we bin that with the  
5 associated rulemaking. Similar concept with  
6 facilities.

7 And then the final thing I would say is just  
8 because work is identified in the fourth bin doesn't  
9 mean that it is important. Personally, my favorite  
10 example is payroll. If we don't have payroll, the  
11 rulemaking, licensing, and inspection activities will  
12 grind to a halt. So things in the fourth bin are  
13 important, but relative to our core mission they are  
14 below those core activities.

15 So if I could move to the next slide,  
16 please.

17 So I have kind of tied the work of the agency  
18 to the four bins, but it doesn't really help us look for  
19 efficiency. So the next thing we asked is, well, why  
20 do we do this work? And how do we do it? And are there  
21 more efficient ways to do it? And in doing that, we  
22 ranked each block of work into essentially three  
23 rankings.

24 What component of the work is required to  
25 meet legal minimums in the applicable area? And we call  
26 that the alpha rank of that work that needs to be done.  
27 Then, we asked, okay, well, there are many things that

1 we do that aren't legally required, but they are tied  
2 to the principles of good regulation -- clarity,  
3 reliability, openness, independent of our function.  
4 And those are prudent to do and appropriate to do, and  
5 we don't want to lose those things. So we call those  
6 the bravo rank within each of the activities within each  
7 bin.

8 And then, if there was residual work that  
9 either because of the way things have changed or because  
10 of a look for more efficient work, streamlining the  
11 work, that didn't fit into A or B, we called that the  
12 charlie rank within each bin, and we took all of the  
13 charlie activities that we found and moved them to the  
14 bottom of the common prioritization list en masse.

15 So that is common prioritization. We have  
16 a procedure and a tool to use to look at incoming work.  
17 And if we could go to the next slide, we now transition  
18 into the rebaselining product, which Vic mentioned we  
19 now plan to give you two products the end of January and  
20 in March timeframe.

21 So the January product will reflect things  
22 like these illustrative examples where we found, you  
23 know, essentially a low return on our investment for a  
24 level of activity. A level of activity and a  
25 diminishing return, an activity in an area where time  
26 has changed and we have learned more, and there is an  
27 opportunity for potential savings.

1           So I think the first bullet on development  
2 of internal procedures is pretty self-explanatory. In  
3 individual rulemaking, I think that there are many  
4 rulemakings that we have more information now about than  
5 we did when we started the process. And as we looked  
6 at the criteria, we concluded that they would fall into  
7 a lower priority at this time, so we will make  
8 recommendations in that area.

9           Development of correspondence is an  
10 example. There are things we can do in the near term,  
11 and you will see those in the January paper, and there  
12 are some longer term savings that we can't define what  
13 we would implement yet, and we can't qualify the savings  
14 and efficiency in a quantifiable way. So we will  
15 provide those to you in March with a request to continue  
16 to work on those.

17           And then, finally, to talk about more of a  
18 program piece within the reactor oversight process. As  
19 you well know, we do continuous assessments of licensee  
20 performance. We have quarterly reviews. We have an  
21 end-of-cycle review. And when we built the ROP, we  
22 carved out some additional management attention at a  
23 mid-cycle review.

24           The administrative burden of performing  
25 that has grown over the years. There have been repeated  
26 suggestions that we evaluate that. We actually had  
27 four separate staff suggestions in the September

1           timeframe to evaluate the return on investment for the  
2           administrative burden in the mid-cycle review for the  
3           ROP, and so that fell to the bottom of the priority list.

4                         With that, I will turn the mic over to  
5           Darren.

6                         MR. ASH:   Okay.   Thank you, Fred.   Good  
7           morning, Chairman, Commissioners.

8                         My remarks this morning focus on staff's  
9           efforts to effect changes in corporate support services  
10          in response to direction from the Congress, the  
11          Commission, and feedback from our own staff.   More  
12          specifically, Project Aim, in a separate independent  
13          assessment by Ernst & Young, or EY, gave us clear  
14          direction for the need to change.

15                        The types of changes are far-reaching and,  
16          in many instances, may result in reduced costs or may  
17          improve service delivery or internal processes.  
18          Finally, others will enhance how our staff work can  
19          perform our mission.

20                        The next two slides will address specific  
21          recommendations stemming from Project Aim and the  
22          related EY report, as well as staff's actions.

23                        Next slide, please.

24                        In response to congressional direction,  
25          the NRC contracted for review of the agency's overhead  
26          functions in comparison to peer agencies and what  
27          options might be available to reduce costs.   The

1 resultant report was issued in April 2015, and we  
2 subsequently completed our assessment of the report and  
3 found merit in all of EY's recommendations.

4 One of the most prominent recommendations  
5 from EY, and from Project Aim, was about IT security.  
6 There is no doubt that IT security is vitally important  
7 to ensure for the continuity of our mission, the  
8 protection of our assets, and our information. I say  
9 this in light of very significant breaches at OPM, as  
10 well as other agencies and private sector companies.

11 Clearly, we must ensure that our networking  
12 systems are properly protected and, at the same time,  
13 we need to make sure that our processes and practices  
14 are effective, efficient, and risk-informed. We  
15 conducted research and benchmarked against peer  
16 agencies. The resultant report targeted six areas for  
17 improvement and proposed 15 recommendations.

18 Based on my assessment of the report, I  
19 tiered the recommendations according to their impact on  
20 efficiencies, savings, and improved cyber security  
21 measures. We have completed four actions already,  
22 resulting in a savings of \$350,000, and reducing burden  
23 to our staff. The Tier 1 recommendations will have  
24 implementation plans similar to Project Aim and will be  
25 tracked to completion by the EDO and the CFO.

26 Similarly, the report recommended  
27 consolidating data centers. Our goal is to reduce down

1 to two data centers, a primary and a backup. Progress  
2 has already been made in this area. In the last year,  
3 we have placed two data centers -- Church Street and One  
4 White Flint. Another data center, Two White Flint,  
5 will be closed later this year, later this fiscal year.  
6 The remaining ones in the regions and the technical  
7 training center will be closed in FY17 and 18.

8 The EY report also made a number of  
9 recommendations concerning possible targets for  
10 centralization. The first recommendation related to  
11 the feasibility of further outsourcing certain  
12 financial processes. OCFO is developing plans to  
13 transfer accounts payable and accounts receivable to a  
14 federal shared service provider. OCFO is also planning  
15 to automate invoicing and license fee billing, which are  
16 currently manual processes.

17 Once automated, NRC will be positioned to  
18 utilize the Department of Treasury's integrated payment  
19 platform, which is another federal shared service. The  
20 second recommendation emphasized centralization of  
21 standardization, and to those points OCFO will be  
22 centralizing regional budget formulation, as well as  
23 travel authorization and travel fund certification.  
24 These will be completed in FY17.

25 In addition, OCFO has already completed a  
26 feasibility analysis of allowance and fund  
27 certification centralization. Further work in these

1 areas will begin once formulation and travel  
2 centralization is completed.

3 Finally, new policies and procedures to  
4 strengthen and centralize controls over cost activity  
5 codes, or CACs, are in place -- are now in place, and  
6 new non-fee billable CACs are now in use. Phase 2 of  
7 the CAC management program, which is a reform of does  
8 used for fee billing, is underway and will be completed  
9 by the end of the fiscal year.

10 Next slide, please.

11 An important item coming out of Project Aim  
12 work was a focus on process and workflow simplification.  
13 A common complaint is related -- conference room  
14 provisioning. Agency staff need to contact multiple  
15 people to request such things as a conference room, a  
16 projector, a laptop, et cetera. Staff wants a one-stop  
17 shop that can fulfill these requests.

18 Making the requests for services at one  
19 place for all things, and having effective  
20 behind-the-scenes processes in place to fulfill those  
21 requests, will help improve staff satisfaction. The  
22 initial approach will be in place this spring, and over  
23 time we will expand our service catalog.

24 Another recommendation from Project Aim  
25 targeted employee productivity. Mobility is integral  
26 to how our employees can work away from the office. We  
27 also know that mobility means more than just email,

1 calendar, and contacts. In response to Commission  
2 direction, we are moving off of BlackBerry and have  
3 developed a core set of principles for enhancing mobile  
4 solutions -- provide more staff with better  
5 capabilities at a substantially lower cost.

6 Our approach includes a blend of Apple and  
7 Android devices, both phones and tablets, and an  
8 increased use of our current "bring your own device,"  
9 BYOD, software solution. The BYOD solution enables  
10 access to our intranet, share drives, and SharePoint.  
11 It also supports the use of commercial apps and, over  
12 time, homegrown apps. The transition activities have  
13 already commenced.

14 As I described, many of the actions were  
15 taken in response to Project Aim and the EY report. I  
16 can't ignore the fact that some of the supporting work  
17 relies on contractors and the need to improve  
18 consistency and quality of contractor tasking and  
19 reporting. One of the critical positions in NRC and,  
20 for that matter, across government, are our contracting  
21 officer's representatives, or CORs.

22 CORs make sure that NRC requirements under  
23 the terms of the contract or agreement are met, in  
24 quantity, quality, and cost. Numerous changes and new  
25 technology recently implemented in contracting and  
26 financial management has highlighted the need for CORs  
27 to perform their jobs consistently across the agency.



1           The Office of Administration, with strong  
2 executive support from the CFO and NRR, led a  
3 cross-agency team to identify standardized sets of  
4 roles and responsibilities for a COR. Admin and their  
5 partner offices will have many of the tools in place by  
6 April 2016. Headquarter offices and regional offices  
7 are also developing implementation plans. Admin, NRR,  
8 and my own office, OCIO, will be the first to implement  
9 the team's recommendations.

10           As for the near term, the buzz from the  
11 staff is that the work currently going on, with critical  
12 support from our business process improvement team,  
13 will improve processing time and efficiencies.

14           Finally, EY recommended that NRC increase  
15 the use of cloud computing. Put simply, cloud  
16 computing emphasizes buying services from a third party  
17 instead of providing services on our own. The vendor  
18 would host us, along with other customers. They would  
19 also maintain the equipment, patch and upgrade  
20 software, as well as protect the data.

21           Acquiring services or capabilities as  
22 opposed to running them on our own onsite is intrinsic  
23 to the recompetition of our current IT managed services  
24 contractor, ITISS, which comes to an end in FY17.  
25 Efforts are underway to develop the new contract  
26 requirements.

27           With that, I would like to turn it over to

1 Dave.

2 MR. SKEEN: Well, thanks, Darren. And  
3 good morning, Chairman and Commissioners. I am happy  
4 to be here this morning to discuss the Centers of  
5 Expertise efforts with you.

6 As part of Project Aim, the Commission  
7 directed the staff to evaluate existing Centers of  
8 Expertise within the agency and determine whether  
9 expansion of this model could lead to greater efficiency  
10 and effectiveness in accomplishing the agency's  
11 mission. We provided a notation vote paper to the  
12 Commission on November 9th, and we recommended pursuing  
13 four areas for Centers of Expertise as part of Project  
14 Aim.

15 As described in the paper, the working  
16 group that developed this paper included senior  
17 managers and staff from NRC headquarters and the  
18 regions, as well as representatives from the National  
19 Treasury Employees Union. As part of our efforts, we  
20 engaged potentially affected staff to ensure we do not  
21 miss any significant issues before we made our final  
22 recommendations.

23 The working group also considered lessons  
24 learned from previous NRC efforts to establish Centers  
25 for Expertise, and those lessons helped inform us as we  
26 developed our recommendations.

27 The staff reviewed lessons learned from the

1 Transforming Assets into Business Solutions, or TABS  
2 Project, as well as the recent merger of the Office of  
3 Nuclear Materials Safety and Safeguards and the Office  
4 of Federal and State Materials and Environmental  
5 Management, as well as some currently existing Centers  
6 of Expertise such as allegations, vendor inspection,  
7 and electrical engineering.

8 The most significant lesson that we learned  
9 was that the greatest benefit that you derive from  
10 putting in place the Center of Expertise comes from  
11 being more agile in shifting resources whenever  
12 responding to changing workloads. And if properly  
13 administered, a Center of Expertise can result in a more  
14 efficient and effective use of resources by  
15 streamlining the decision-making, standardizing the  
16 work processes, enhancing knowledge management, and  
17 maintaining critical skill sets.

18 Next slide, please.

19 The working group deliberated on a variety  
20 of potential candidates for Centers of Expertise before  
21 we recommended the four areas that are included on this  
22 slide. At this time, the staff is recommending the  
23 Commission approve Centers of Expertise for  
24 allegations, external hazard evaluations, technical  
25 specifications, and rulemaking.

26 For allegations, the staff proposed that  
27 the allegation coordinator functions that support the

1 program offices in headquarters be centralized within  
2 the Office of Enforcement. For the external hazard  
3 evaluations for the new and existing operating  
4 reactors, NRO currently houses the majority of the  
5 agency technical expertise to evaluate seismic and  
6 flooding hazards, and performs evaluations for both the  
7 existing reactors as well as new reactor issues.

8 Moving the remaining NRR resources to NRO  
9 will make it easier to balance the work between the new  
10 and operating reactor projects as work on the  
11 post-Fukushima reviews and the combined license  
12 applications are being completed. And it has the added  
13 benefit of centralizing this function to support a  
14 potential merger of NRR and NRO, should the Commission  
15 subsequently approve such a measure.

16 For technical specifications, the bulk of  
17 the tech specs work remains in NRR, with only a few FTE  
18 allocated within NRO for the tech spec reviews. So much  
19 of the external hazards proposal consolidating the tech  
20 spec reviewers within one organization, in this case  
21 NRR, will help balance the workload and also help  
22 support a subsequent merger of NRR and NRO.

23 For rulemaking, the staff proposed that the  
24 project management and regulatory analysis staff for  
25 rulemakings that currently reside in three offices --  
26 NRR, NRO, and NMSS -- be centralized all within NMSS.  
27 Of course, the technical experts that develop all the

1 technical basis for the rulemakings would remain within  
2 each of the program offices.

3 As we were developing these  
4 recommendations, we were aware that there are several  
5 ongoing parallel efforts that could impact the number  
6 of proposed rulemakings and the rulemaking process  
7 itself in the future. However, we believe that those  
8 efforts do not necessarily impact the consolidation of  
9 the project management and regulatory analysis  
10 functions.

11 And as a result of those efforts, if they  
12 have any efforts -- any impact on rulemaking,  
13 consolidating all the rulemaking within one office will  
14 likely make it easier to shift resources to other areas,  
15 if that is necessary.

16 So if the Commission approves the  
17 rulemaking Center of Expertise, as we move forward, the  
18 staff will take into consideration the Commission's  
19 yet-to-be-determined direction on a paper that you  
20 currently have before you on the Commission involvement  
21 in early stages of rulemaking, as well as the results  
22 of the other ongoing Project Aim efforts that Fred  
23 mentioned that have common prioritization and  
24 rebaselining, which may also result in additional  
25 improvements and savings to the rulemaking process.

26 In our view, pursuing a rulemaking Center  
27 of Expertise at this time is a good first step to prepare

1 for a more efficient rulemaking process, once the  
2 Commission provides direction on your involvement in  
3 the early stages of rulemaking and the other Project Aim  
4 efforts on prioritization and rebaselining efforts are  
5 completed.

6 So, with that, I look forward to any  
7 questions you may have on the Centers of Expertise, and  
8 I will turn it over to Michele Evans.

9 MS. EVANS: Okay. Thanks, Dave. Good  
10 morning, Chairman and Commissioners. I am here today  
11 to discuss Project Aim implementation in the Office of  
12 Nuclear Reactor Regulation.

13 I will provide an update on two specific  
14 Project Aim tasks related to operating reactor  
15 licensing process improvements and the transition plan  
16 for the merger of NRO and NRR. I will also provide  
17 insights into how NRR is considering additional  
18 opportunities to more broadly apply risk insights to  
19 enhance our decision-making as directed in the Staff  
20 Requirements Memorandum for the Project Aim report.

21 Next slide?

22 The Commission approved the recommendation  
23 to conduct a process improvement review of the operating  
24 reactor licensing process. You noted in the SRM that  
25 the review of the process should be done on a schedule  
26 that does not affect the staff's ability to reduce the  
27 backlog of licensing actions.

1                   As you are aware, NRR has been implementing  
2                   a plan and is making progress to improve performance in  
3                   the processing of licensing actions which has resulted  
4                   in reducing the operating reactor licensing backlog.

5                   First, we initiated efforts in fiscal year  
6                   2014 to stabilize and recover the licensing action  
7                   backlog that was created by Fukushima-related work  
8                   competing for the same critical skills. This involved  
9                   providing the operating reactor licensing program with  
10                  additional resources, hiring supplemental technical  
11                  support, and implementing targeted process  
12                  improvements.

13                  For example, since early in 2015, NRR  
14                  management increased oversight on improving  
15                  performance by routinely holding monthly meetings with  
16                  the Director of NRR to identify bottlenecks and to  
17                  allocate resources to monitor progress and stay abreast  
18                  of issues.

19                  Management also clarified expectations to  
20                  staff regarding NRR processes and guidance. These  
21                  expectations include a more rigorous approach in  
22                  seeking additional information related to license  
23                  amendment applications. These efforts remain  
24                  effective and are achieving desired outcomes.

25                  At the end of fiscal year 2015, overall  
26                  performance on completing licensing actions in less  
27                  than one year was 88 percent, a five percent improvement

1 from the low point of 83 percent timeliness in May of  
2 2014.

3 We expect further improvements in the  
4 coming fiscal year as the staff and management work  
5 toward our internal stretch goal for fiscal year 2016  
6 of three percent improvement over the fiscal year 2015  
7 result.

8 Also, early in 2015, NRR management  
9 identified several efficiency initiatives to improve  
10 and enhance our existing processes. Initiatives  
11 related to the licensing process, acceptance reviews,  
12 risk-informed technical adequacy, and decision-making  
13 are currently in progress, and their results should  
14 contribute to overall operating reactor licensing  
15 process improvements.

16 In addition, to further enhance to  
17 predictability, timeliness, and efficiency of  
18 operating reactor licensing reviews, NRR will conduct  
19 a process improvement effort that will be informed by  
20 both the current improvement initiatives as well as  
21 lessons learned on how the backlog originated and how  
22 it was resolved.

23 Implementation of additional improvements  
24 and monitoring results from this process improvement  
25 effort will take effect during the second half of fiscal  
26 year 2018.

27 Next slide.



1           The Commission approved the recommendation  
2           for staff to develop a plan to conduct a merger of NRO  
3           and NRR at the appropriate time. A team has been formed  
4           by staff from NRO, NRR, and Region II, to assess the  
5           merits of various approaches for a merger of the  
6           offices. They are working to identify efficiency  
7           gains, challenges, and a potential timeline for the  
8           merger.

9           Their focus is on the four broad areas for  
10          improving regulatory efficiency that are identified in  
11          the Project Aim report. These are right-sizing the  
12          agency, streamlining agency processes, timeliness in  
13          executing regulatory functions and making decisions,  
14          and unity; that is, establishing clear agency-wide  
15          priorities.

16          The team is considering important drivers  
17          for the merger, such as the macro environment of the U.S.  
18          energy sector and the expected near-term reductions in  
19          workload as some activities are scaled back or  
20          completed.

21          Specifically, changes in the economy and  
22          the domestic energy sector have changed the outlook for  
23          both operating and new reactors. Economic factors have  
24          influenced a declining interest in new reactors and has  
25          also led to several operating reactors beginning  
26          decommissioning early.

27          This has resulted in reductions in both the

1 new and operating reactor business line workloads. In  
2 addition, several resource-intensive activities  
3 conducted within the operating reactor business line  
4 are now nearing completion or are complete, such as  
5 initial license renewal from 40 to 60 years, reviews for  
6 the Watts Bar Unit 2 operating license, and the work  
7 activities associated with the Fukushima event.

8 The team also developed key criteria for  
9 the merger, such as a target combined number of staff  
10 for NRO and NRR at the time of the merger, a flat or  
11 declining workload, the need for mature processes in  
12 place for licensing and oversight of new reactors, and  
13 a manageable number of policy issues under development.  
14 The work is on schedule. A draft business case for the  
15 potential merger is under development. The final  
16 Commission paper is on track for June of 2016.

17 Next slide?

18 While plans are being developed for the  
19 potential NRR/NRO merger, as I just discussed, within  
20 NRR we are actively focused on internal reorganization  
21 activities needed as a result of a reduction in workload  
22 expected in the near future.

23 In our fiscal year 2016 staffing plan  
24 recently submitted to OCHCO, we identify near-term  
25 organizational changes involving the divisions of Japan  
26 Lessons Learned and License Renewal. The  
27 Fukushima-related workload is declining as we continue

1 to implement actions to resolve Tier 1, 2, and 3  
2 activities. All activities are on or ahead of  
3 schedule.

4 Management has developed and is  
5 implementing a plan to transition staff from the Japan  
6 Lessons Learned Division over the next several years.  
7 It is envisioned that by the beginning of fiscal year  
8 2019, one branch will remain to focus on the final  
9 closeout of the Fukushima-related work.

10 License renewal workload reductions over  
11 the next few years are expected to result in a  
12 significant reduction in staffing needs by late  
13 calendar year 2017. Our projections do factor in the  
14 uncertainty of the number of plants that will submit  
15 applications for subsequent license renewal between  
16 2018 and 2020.

17 We recognize the need to ensure we have core  
18 competencies available to complete the remaining first  
19 license renewals and to prepare guidance and plans for  
20 subsequent license renewal, to ensure we will be ready  
21 to review to first expected subsequent license renewal  
22 applications in the 2018 to 2019 timeframe.

23 We are also factoring into our thinking the  
24 awareness of other agency initiatives, such as Centers  
25 of Expertise, and the potential merger of NRR and NRO.  
26 Therefore, we are currently considering a broad range  
27 of options that would likely result in organizational

1 changes.

2 It is important, for whichever option we  
3 pursue, that we ensure knowledge management in critical  
4 areas while also best utilizing staff to support a broad  
5 range of needs and functions.

6 Next slide.

7 So now I would like to transition to a topic  
8 directed by the Commission in the Staff Requirements  
9 Memorandum for the Project Aim report. You directed  
10 staff to more broadly apply risk insights to enhance our  
11 decision-making. In NRR, we have several initiatives  
12 ongoing within the operating reactor business line  
13 which focus on enhancing our ability to make  
14 risk-informed decisions.

15 The goal of these initiatives is to  
16 increase the efficiency and the timeliness of our  
17 decision-making as well as help focus our activities on  
18 those issues of greatest safety significance. The  
19 first area I want to address is the development of a  
20 risk-informed approach for addressing low-risk, low  
21 safety significant compliance issues.

22 NRR has formed a working group made up of  
23 headquarters and regional staff to develop a process to  
24 risk-inform our response to low-risk, low safety  
25 significant compliance issues. In recent years, a  
26 number of licensees have identified non-conformances  
27 with their licensing basis design requirements, such as

1 tornado missile protection.

2 In general, the issues have been determined  
3 by staff to be of low safety significance. Despite  
4 this, conducting and reviewing these operability  
5 determinations has been very resource-intensive for  
6 both the licensee and the staff. This has raised  
7 questions about how we address low-risk compliance  
8 issues that merit some discussion on how we can address  
9 these issues in a more efficient and effective manner.

10 This could potentially reduce the level of  
11 resources that both the staff and the licensee apply to  
12 low safety significant issues. The working group has  
13 made progress in defining a framework for discussion,  
14 and we are in the process of engaging the industry. The  
15 next step will be to conduct a public meeting early in  
16 the new year.

17 The second area I want to touch upon is  
18 risk-informed licensing actions. We in NRR, as well as  
19 licensees, have an increasing interest in pursuing  
20 risk-informed licensing actions. Many of the current  
21 risk-informed licensing applications include changes  
22 to the technical specifications, since they were  
23 originally defined without the benefit of risk  
24 insights.

25 Incorporating risk insights into our  
26 decision-making can provide the justification for  
27 changes, such as allowing flexibility and allowed

1 outage times by calculating a real-time risk-informed  
2 completion time or relocating certain surveillance  
3 frequencies out of the technical specifications, so  
4 that they can be changed in order to optimize the testing  
5 frequency.

6 We are currently completing a pilot review  
7 of a license amendment for what is called Tech Spec  
8 Initiative 4B, which is the initiative that allows  
9 flexibility in allowed outage times. This initial  
10 pilot review has revealed the need to clarify  
11 ambiguities in the current guidance. Given that we  
12 have additional reviews in-house to complete, we are  
13 taking steps to provide clarity to the industry, so that  
14 these subsequent reviews can be completed in a more  
15 efficient and effective manner.

16 In addition, within NRR, we are enhancing  
17 our ability to efficiently review these actions through  
18 staff training on the risk-informed initiative as well  
19 as additional management oversight throughout the  
20 review effort.

21 And then the last example that I would like  
22 to touch upon is crediting and mitigating strategies in  
23 licensing and oversight activities. In response to  
24 Fukushima events, licensees have made various changes  
25 to their plants to address our requirements and have  
26 improved the safety of the plants over their  
27 pre-Fukushima levels. Because of the added safety

1 defense-in-depth, Fukushima's safety enhancements may  
2 provide benefits to risk-informed decision-making  
3 initiatives to improve regulatory efficiency.

4 Staff is working with the industry to  
5 determine how to appropriately credit mitigating  
6 strategies in licensing and oversight activities.  
7 Some potential areas for credit include risk-informed  
8 license amendments, notice of enforcement discretion,  
9 and reactor oversight program's significance  
10 determination process.

11 We began meeting with the industry in  
12 October on this effort. The industry is actively  
13 engaged, recently submitting applicable position  
14 papers which are currently being reviewed by the staff.

15 So, to summarize, in NRR we are actively  
16 pursuing and incorporating the use of risk insights into  
17 our regulatory decision-making activities.

18 Now I will turn the presentation over to  
19 Miriam Cohen. Thank you.

20 MS. COHEN: Good morning, Chairman and  
21 Commissioners. The last time the Commission was  
22 briefed on Project Aim we were just entering fiscal year  
23 '16 and beginning the major activities associated with  
24 strategic workforce planning. Since that time, we have  
25 made significant progress toward meeting those goals.

26 Next slide.

27 I would like to begin talking about where

1 we currently are. As you know, there was Commission  
2 direction that set a target of 3,600 FTE by the end of  
3 the fiscal year. I am happy to report that we have  
4 achieved this target and are well-positioned for fiscal  
5 year '17.

6 To achieve this success, we have targeted  
7 external hiring for only those critical skills not  
8 available within the NRC workforce and through the  
9 development of our pipeline positions or NSPDP as well  
10 as our summer program.

11 We have also been facilitating internal  
12 staff movements based on workload shifts. For example,  
13 we use targeted solicitations, which will allow us to  
14 fill vacant positions -- I'm sorry, which allows us to  
15 fill vacant positions on a volunteer basis by seeking  
16 applicants from those pools of employees where we have  
17 extra capacity or overages within the agency.

18 As we move through fiscal year '16, but with  
19 an eye on '17 and beyond, we anticipate a more  
20 accelerated attrition rate based on the early out  
21 buyout. Our normal attrition rate is around five  
22 percent, but with the early out buyout we are projecting  
23 an accelerated attrition rate this year of around six  
24 and a half percent.

25 As you may know, the early out buyout  
26 included 49 individuals broken down into the following  
27 categories -- 10 GG-15 supervisors, 29 employees in



1 corporate support, and 10 project managers at the GG-15  
2 level.

3 The early out buyout strategy has indeed  
4 facilitated attrition in areas where we have or where  
5 we predict overages. These strategies will put us at  
6 an end-of-year target or fiscal year utilization of  
7 slightly under the 3,600 target.

8 Next slide, please.

9 We have focused on strategic workforce  
10 planning by analyzing office staffing plans to identify  
11 areas where there is extra capacity and potential  
12 vacancies based on current funding levels. Recently,  
13 we have met with all office directors and regional  
14 administrators to identify the impact of anticipated  
15 future work and how that will have an impact on position  
16 and skill needs.

17 From this information, we have identified  
18 a few mission-critical skills where we are or will be  
19 doing focused work to mitigate the risk of not having  
20 these skills. Two specific areas are PRA and cyber  
21 security.

22 We have also identified some skill and  
23 balances where we believe there is extra capacity and  
24 areas where we lack defense-in-depth. We believe these  
25 imbalances can be alleviated by redeploying staff  
26 within the agency. As I mentioned on the last slide,  
27 one way we have done this is through the targeted --

1 through use of targeted solicitations.

2 As you know, these are uncertain times.  
3 One of the greatest challenges will be to understand the  
4 impact of other Aim initiatives such as rebaselining on  
5 our future workforce needs, and we need to be ensured  
6 we can be flexible in using all available tools to make  
7 sure we have the right people in the right place to meet  
8 our mission needs.

9 As we move into the future, it is vitally  
10 important that we prepare supervisors and staff for this  
11 changing landscape. It means helping supervisors be  
12 comfortable, having those conversations to encourage  
13 staff to be flexible, and to take advantage of  
14 opportunities that may exist in the organization. It  
15 also means helping staff transition to areas where they  
16 may not have the same comfort level, but where we may  
17 need them to have because of the greater need. This  
18 piece will result in a more fungible and agile staff as  
19 we move into the future.

20 With that, I would like to turn the  
21 presentation over to Maureen Wylie.

22 MS. WYLIE: Thank you very much. If I  
23 could have the Next Steps slide.

24 In addition to the topics we have discussed  
25 this morning, we are making great progress on a number  
26 of additional tasks, and so I would like to highlight  
27 those milestones.

1           As Vic indicated at the start of the  
2 meeting, the rebaselining assessment is well ahead of  
3 schedule. You will be receiving a comprehensive list  
4 of activities that can be shed, deprioritized, or  
5 performed with fewer resources by the end of January,  
6 more than two months earlier than our original due date  
7 of April 6th.

8           In addition, in early March, you will  
9 receive a list of longer term opportunities for  
10 efficient gains or scope changes, as well as the  
11 estimated projection of significant workload changes  
12 through 2020.

13           The strategic workforce plan described by  
14 Miriam will be provided to you by February 8th. This  
15 plan will ensure that future organizational needs will  
16 be met without disruption. Based on the agency's  
17 priorities developed in the report, we will develop a  
18 plan for positional needs assessments of critical  
19 and/or safety-related positions to determine skill gaps  
20 or surpluses.

21           The one-stop shop will be rolled out in  
22 April of 2016. This intranet-based solution, the NRC  
23 service catalog, will provide a streamlined method to  
24 make requests for services and is expected to reduce  
25 agency costs as well as provide more efficient and  
26 effective processes, eliminate multiple-ticket systems  
27 and paper forms, not to mention staff frustration.

1           The materials program in Regions I and II  
2           were consolidated in 2003. NMSS is evaluating further  
3           consolidation of the regional materials program to  
4           determine whether further consolidation would be more  
5           efficient. The evaluated input will be used to provide  
6           a specific recommendation to the Commission for review  
7           in May of 2016. If potential changes or consolidation  
8           is recommended, the project team will include a  
9           high-level implementation plan with that submission.

10           And, lastly, the staff is assessing the  
11           corporate support functions in the regions to identify  
12           whether they may be standardized or centralized, so as  
13           to reduce overhead costs and to promote delivery of  
14           consistent products and services across the regions and  
15           the agency. The result of that review and evaluation  
16           will be documented in an information paper and submitted  
17           to you by April 30, 2016.

18           And now I would like to turn it back over  
19           to Vic.

20           MR. McCREE: Thanks, Maureen. We are  
21           making progress in -- according to our overall plan and  
22           are committed to delivering high-quality results.  
23           each task discussed today has an effective project  
24           management plan or approach, and we are actively working  
25           them to completion.

26           As Fred mentioned, we have completed the  
27           common prioritization process with the revised add/shed

1 process. As Darren discussed, we are currently  
2 implementing the recommendations we received from the  
3 Ernst & Young overhead assessment report. And, as Dave  
4 presented, we have offered recommendations for gaining  
5 agility and some efficiencies using Centers of  
6 Expertise, which are currently under review by the  
7 Commission.

8 The progress we have made is already  
9 bringing near-term benefit. For example, we have made  
10 significant progress in reducing the reactor licensing  
11 backlog. Our common prioritization efforts have  
12 identified efficiencies that we can implement now, such  
13 as delaying or canceling some rulemaking activities, as  
14 well as implementing printing and digital  
15 correspondence improvements to save resources.

16 The progress we have made is also  
17 positioning us well for successful outcomes. As a  
18 result of greatly limiting the vacancies we post  
19 externally and offering certain eligible employees  
20 early outs and buyout opportunities, we are currently  
21 projected to meet our fiscal '16 FTE target.

22 The business plan to support the potential  
23 merger of the Offices of New Reactor Operations and  
24 Nuclear Reactor Regulation is under development and on  
25 schedule, which will inform the Commission paper due to  
26 you in June.

27 I am happy to see that our leadership team

1 and our staff are working together to be more mindful  
2 of our costs and the need to be both effective and  
3 efficient at our work. As we honor the new  
4 opportunities to become more efficient and more agile,  
5 we will integrate those implementation plans to ensure  
6 that we can productively complete the work while  
7 maintaining focus on our safety and security mission.

8 And, with that, we are ready for your  
9 questions.

10 CHAIRMAN BURNS: Okay. Thank you all,  
11 again, for your presentations. We will begin the  
12 questioning this morning with Commissioner Baran.

13 COMMISSIONER BARAN: Thank you for your  
14 presentations and for the work all of you are doing to  
15 increase the agency's efficiency and agility through  
16 Project Aim.

17 I want to start with a big picture question  
18 about how we are approaching rebaselining and searching  
19 for efficiencies. There are different ways we can do  
20 this. One approach is to take a close look at our  
21 processes and procedures to see if we can streamline  
22 them to do the same work with fewer resources.

23 I think that is probably the hardest way to  
24 find savings, but it is also probably the most  
25 beneficial. It is hard work to really look at your  
26 process and figure out how it can be more efficient in  
27 what we are doing.

1           Another approach is to just shed discrete  
2 tasks without changing the processes surrounding them.  
3 That produces some short-term savings, but it doesn't  
4 really make us a more efficient organization. It just  
5 makes us an organization that does fewer things.

6           When we see the list of activities that the  
7 staff proposes to shed or modify, how much of each of  
8 these approaches are we going to see? I am looking at  
9 you, Fred, but if someone else wants to chime in, that  
10 is fine, too.

11           MR. BROWN: Thank you, sir. I will start.  
12 I think it is interesting as I think through how we  
13 developed the guidance and criteria and the work that  
14 has been done, and as I go back and look at the low  
15 priority work that is identified, I would actually --  
16 I think my view is that the two approaches actually end  
17 up being merged.

18           The looking for efficiencies was  
19 definitely done, and we have process streamlining  
20 activities both in the near term that we will describe  
21 in January as well as some of the things it will take  
22 longer to work through to an executable end with a clear  
23 quantifiable savings that you will see in March.

24           But as we went down that path, and we look  
25 at streamlining process, to ensure that we can define  
26 it and control it and measure it and quantify what our  
27 savings are, we end up becoming more discrete in the

1 activity that is shed.

2 So as I look at the list today, in the near  
3 term quite honestly -- I was surprised when I did this  
4 -- it looks much more discrete. But I don't think it  
5 is discrete in that we are stopping work that has high  
6 payback; I think it is discrete because we found  
7 inefficiencies, we found opportunities to streamline,  
8 and we are zeroing in on the specific actions and  
9 activities.

10 I think in interacting with the Steering  
11 Committee early in this process, one thing we definitely  
12 wanted to avoid was coming back to the Commission with  
13 potential efficiencies that we couldn't hold ourselves  
14 accountable to having an implementation plan, to  
15 knowing when we were done, to having a specific savings.  
16 And I think we have avoided that largely in what you will  
17 see in January, but it does make it look more discrete.

18 COMMISSIONER BARAN: Anyone want to add  
19 anything to that? Well, I am glad to hear that, because  
20 I think it really goes to the heart of the Project Aim  
21 effort. And I think it, obviously, makes sense to  
22 identify any unnecessary work that we are doing. But  
23 I think our focus really needs to stay on identifying  
24 true efficiencies, and it sounds like that is something  
25 that you are also focused on, so I appreciate that.  
26 Thanks.

27 I also want to ask about the staff's



1 recommendation to establish an agency-wide Center of  
2 Expertise for rulemaking to be housed in NMSS. Right  
3 now, NRR, NRO, and NMSS each have a rulemaking branch.  
4 And, as I understand it, the Center of Expertise, the  
5 proposed Center of Expertise, would pull all three  
6 branches together in NMSS.

7 This is probably a question for Dave. Can  
8 you walk us through how a rulemaking would work in  
9 practice under this proposed approach of a Center for  
10 Expertise, and the kinds of kind of subquestions I have  
11 in mind is, who is making decisions about the  
12 rulemaking? Who is deciding what is in the regulatory  
13 -- the technical basis? Who is deciding what is in the  
14 draft proposed rule, the draft final rule? Who is  
15 accountable for the timeliness of the rulemaking? Who  
16 is supervising the rulemaking employees in NMSS who are  
17 working on rules that are kind of led by other offices  
18 or the technical basis that is coming from other  
19 offices?

20 So can you kind of feel that out for us?  
21 What does it mean to have a Center of Expertise for  
22 rulemaking? How would it work? Where is the  
23 accountability? And the kind of lines of authority.

24 MR. SKEEN: Yes. Well, thanks,  
25 Commissioner. That is a good question. In fact, that  
26 is many good questions. So let me take a shot at a high  
27 level at this, and then I may ask Scott Moore from NMSS

1 to provide a little bit of details from the NMSS's point  
2 of view.

3 We realized when we went down the path of  
4 trying to recommend Centers of Expertise that there is  
5 a lot of good questions like that that have to be  
6 answered as you implement. And, in fact, we even  
7 acknowledged in the paper that if we run into any  
8 showstoppers as we go through this that says, you know,  
9 this just really isn't going to work out, we will stop  
10 and come back to the Commission and say, "We identified  
11 something we didn't know before, and so maybe this isn't  
12 the best idea after all."

13 But we feel like at least on an initial look  
14 we have done a pretty good job at scrubbing the pros and  
15 cons, and we think we can move forward with them. As  
16 far as where does the rulemaking project management and  
17 reg analysis piece live, it can really live in a lot of  
18 different places in the agency.

19 If you will recall, back in the '90s, it was  
20 in -- our Office of Research did the rulemaking for us.  
21 And at that time the Commission decided that it really  
22 wasn't part of research's core mission to do rulemaking,  
23 so it was decided to put it back out into the program  
24 offices who have the technical expertise, more of the  
25 -- they have more skin in the game, if you will, on the  
26 regulations because they are closer to the regulations  
27 themselves.

1           And so when we looked at, where would you  
2           consolidate it back together, there were a number of  
3           factors we considered. And part of it was we first  
4           looked at just combining NRO and NRR back together and  
5           have the reactor regulation group get back together.  
6           But we took a broader look and said, "Well, if you are  
7           going to make that move anyway, then is it worthwhile  
8           to look at the whole organization to see if it is  
9           worthwhile."

10           There were a lot of organizations we  
11           considered within the agency, but we ended up with NMSS.  
12           The preponderance of the discussions we had with the  
13           different offices was they still wanted to live within  
14           a program office somewhere, a technical office, and so  
15           NMSS seemed to make sense.

16           And so moving the -- I think there is a  
17           branch in each office now that does rulemaking. When  
18           you consolidate, you will move those folks to one office  
19           under NMSS. But because we have made so many strides  
20           with the Rulemaking Coordination Committee and the  
21           common prioritization of rulemakings, everyone across  
22           the agency pretty well agrees on what the rules are that  
23           are important and how you move forward. And so we have  
24           the prioritization here to do that.

25           The technical expertise itself as far as if  
26           it is a reactor regulation or a new reactor regulation  
27           or a materials regulation that you are concerned with,

1 that will still live within the program offices just as  
2 it does today. The way it works now is you have a  
3 working group gets together, and there is a project  
4 manager that runs the working group. But the technical  
5 folks live with whatever office that deals with that  
6 regulation. That is who does the technical basis  
7 development that goes on, and then the project  
8 management and the reg analysis piece happened,  
9 regardless of what the office is that has to do that.

10 So moving all of that to NMSS we don't see  
11 changes the process all that much. What it does is give  
12 you an agility that says, "If rulemaking is going down  
13 in one area but up in another area, it is easier to change  
14 resources, program management resources, project  
15 management resources, to help do that in the reg  
16 analysis piece." The technical folks still live within  
17 each of the technical organizations.

18 So that was the thinking. And the reason  
19 for moving it to NMSS, if you are going to do this now  
20 and move it, was we were thinking about if you are going  
21 to merge NRO and NRR, it is probably a good idea to pull  
22 some resources out of there to help make that merger more  
23 smooth as you go forward, because otherwise you would  
24 have a very large office if you keep all of it within  
25 that office.

26 So that was the thinking that the staff came  
27 up with. And, Scott, if you want to talk a little bit

1 about how would it work in NMSS, I will Scott give you  
2 a few words.

3 MR. MOORE: Thank you, Commissioner.  
4 Scott Moore, Acting Director, Office of Nuclear  
5 Materials Safety and Safeguards.

6 If the Commission chooses to move forward  
7 with the Center of Excellence in NMSS, I think we are  
8 well-positioned to take it and carry out the direction.

9 As Dave mentioned, as the rulemaking  
10 office, we would have responsibility for project  
11 management, schedule, timeliness and milestones, and  
12 the reg analysis. We would work hand in hand with the  
13 technical offices and be dependent on the technical  
14 expertise of the various other technical offices for the  
15 technical basis and also the rule content, the technical  
16 aspects of the rule content.

17 And, in effect, we are doing this now but  
18 at the division level within our office. NMSS is the  
19 division with rulemaking responsibilities, conducts  
20 rulemaking for a variety of other activities within  
21 NMSS, for instance transportation, spent fuel casks,  
22 fuel facilities, waste, and security. We work with  
23 NSIR on security rules that are outside of the division  
24 that does the rulemaking itself.

25 So the rulemakers rely on the technical  
26 expertise of the individuals within those other  
27 divisions for all of the content and the input for the

1 rule. We would just pick up operating reactors and new  
2 reactors in all of the other material that went with  
3 them. So the rulemakers understand that they need to  
4 rely on the other's expertise.

5 Who is responsible for keeping the rule on  
6 schedule? The rulemakers are. We would be. Who is  
7 responsible for providing the technical basis and the  
8 technical input to it? The technical side is, and we  
9 would work hand in hand, and so far it has worked fairly  
10 well.

11 Who is accountable for the rule? We are  
12 accountable for the rule, and the technical side is  
13 accountable for the input to it. Who supervises the  
14 rulemaking? We would supervise the rulemaking.

15 COMMISSIONER BARAN: Thanks. I  
16 appreciate that. I think having it -- it sounds like  
17 you are well on your way on this. If we proceeded with  
18 a Center for Expertise in this area, you are all kind  
19 of looking at the right issues on this and thinking it  
20 through. So that there is really a common  
21 understanding going in of who is going to be responsible  
22 for what and who is accountable for what. I think the  
23 success of this type of approach really is going to be  
24 dependent on that if we go forward with it.

25 Vic, did you want to --

26 MR. MCCREE: I agree with you 100 percent.  
27 It is certainly another opportunity. Should the

1 Commission decide to support these recommended Centers  
2 of Expertise, it is another opportunity to display the  
3 interdependence, the collaboration across office,  
4 across business line even, that we have seen even in some  
5 other areas.

6 I mean, there are certainly examples of  
7 where there is clarity on roles and responsibilities.  
8 Different offices can carry out their role on a larger  
9 effort. You know, I look at our efforts on license  
10 renewal where NRR, reactor license renewal, where the  
11 regions have responsibility for implementing an  
12 inspection program, but there is an important  
13 coordination that has to occur at that interface. All  
14 those interfaces are important.

15 New construction, ITAAC management, it is  
16 all at the interfaces, but there needs to be clarity on  
17 processes and roles and responsibilities, and of course  
18 leaders have to make sure that it all works. And I could  
19 go on and on to describe the areas where this has  
20 happened in the past, we have learned lessons, and we  
21 will have the opportunity to implement them here, so --

22 COMMISSIONER BARAN: Thank you.

23 CHAIRMAN BURNS: Thank you, Commissioner.

24 I have a few questions I tried to get the  
25 panel to address. But just sort of starting off, I  
26 appreciate the work that is going on, not only as  
27 reflected by the presentations given at this table, but

1 the other participants from all offices and from all  
2 levels of the agency.

3 And I hope, you know, for me to continue to  
4 encourage that involvement, I think is very important.  
5 In many ways, I think Project Aim gives us an opportunity  
6 for a reality check that says, "Where are we in this  
7 environment?" I can think over -- I have been here too  
8 long I guess, but I can think back over, you know, points  
9 in my career. And after -- you know, after Three Mile  
10 Island and at the point where TMI action plan items were  
11 being done, you know, the very early '90s where most  
12 reactor licensing was done, we also had some early  
13 decommissioning of some of the very early plants like  
14 some of the -- you know, like Yankee Rowe and Haddam Neck  
15 coming up, and then moving forward.

16 So, again, I encourage the continued  
17 engagement. And I guess I will ask the first question,  
18 and maybe I will direct it to Fred, but others can chime  
19 in. Some of -- obviously, an effort like this, where  
20 it sort of focuses on what we are doing in an environment  
21 where we have, you know, some retraction which is not  
22 in itself the point of Aim, there are anxieties created  
23 about, what does this mean, and what does this mean, how  
24 do I contribute to it?

25 So one of my questions would be, what are  
26 you doing as a project team to sort of manage that  
27 anxiety or address that and put the focus on where it



1 needs to be with the project? And, Fred, I will turn  
2 to you first.

3 MR. BROWN: Thank you, Mr. Chairman. So  
4 the managing the change process and communication I  
5 think has been recognized as critically important  
6 throughout the life of Project Aim. We have put a lot  
7 of effort into communication. We just had a town hall  
8 meeting with staff a week or so ago. Vic has been out  
9 to each of the offices, and the ones he couldn't cover  
10 either I or an office director filled in. We talked  
11 with all of the supervisors. He has had a steady stream  
12 of EDO updates going out.

13 And in addition to all of that work, we  
14 still have opportunities to improve in this area. So  
15 one of the things that we are -- I am working on right  
16 now is to pull in the agency communication council and  
17 gain some additional resources with specialty skill in  
18 the communication area. It is actually an area -- we  
19 have a very strong partnership going on. It is an area  
20 we have worked with our partners on communication,  
21 messaging, and means and methods. We need to continue  
22 to do that.

23 So critically important. We have put a lot  
24 of effort into it. We can and need to do better. It  
25 is high on the priority list to accelerate even further,  
26 and I think the rebaselining paper to the Commission,  
27 its availability will be a major milestone that we need

1 to have a definite effective communication strategy  
2 around.

3 CHAIRMAN BURNS: Okay. Thanks. One of  
4 the things -- other things you touched on, which struck  
5 me, because it is an area there are risks -- benefits,  
6 but there are also risks on, and it was with respect to  
7 the question of development and maintenance of internal  
8 procedures.

9 And I can recall over the years in terms,  
10 if you get an IG audit, for example, a classic IG audit  
11 finding is you don't have sufficient controls, i.e.  
12 procedures, over a particular process.

13 Michele talked about in terms of trying to  
14 address, you know, assuring sort of consistency in terms  
15 of the risk-informing process, in terms of evaluation  
16 of findings that come out of -- you know, in terms of  
17 findings that may be made from an inspection at  
18 particular plants.

19 So tell me a little bit about how you are  
20 sort of, as they say, managing those risks and benefits  
21 of -- you know, on procedures, and where you really see  
22 that focused.

23 MR. BROWN: So I would offer -- I think as  
24 we -- in where we are at, we started kind of with a plan  
25 for a plan where we have planned, we are in execution  
26 in many of the tasks now, and we clearly recognize the  
27 need, as Vic said, clear roles, and then it goes to

1 Commissioner Baran's question, clear roles and  
2 responsibilities proceduralized prior to  
3 implementation.

4 Again, we have had a really strong  
5 partnering -- a partnership relationship, and our labor  
6 partners have been very open and constructive in their  
7 feedback to us on the need to do this right. It is  
8 important to the offices.

9 So in our integrated implementation plan  
10 that we provide updates to you monthly, as we have moved  
11 through the COR, the contract officer's representative  
12 task, for example, you will see that we have actions and  
13 milestones for proceduralizing the revised process.  
14 And it is our expectation that each task will have a  
15 similar level of detail, hitting that critically  
16 important part of change, and being able to sustain what  
17 we put in place.

18 CHAIRMAN BURNS: Part of what I raised --  
19 my question was that an example of lower priority was  
20 development and maintenance of internal procedures.

21 MR. BROWN: I am sorry.

22 CHAIRMAN BURNS: I may not have been clear.  
23 So that is what I am trying to understand, because,  
24 again, in the context I can -- as I say, I can think of  
25 IG audits, I can think of trying to improve consistency.  
26 I remember 10 years ago the effort to update management  
27 directives, some of which reflected, for example,

1 organizations as they existed in 1985 instead of 2005.

2 That is where my concern -- a concern is.  
3 Where is the risk and benefit in that -- in putting that  
4 as a lower priority? What do you do to, in effect,  
5 manage the risks of that?

6 MR. BROWN: Right. Exactly. I am sorry.  
7 I --

8 CHAIRMAN BURNS: That is okay.

9 MR. BROWN: Yeah. You actually, in your  
10 question, provided the answer as we see it. So as we  
11 look at improving the internal management directive  
12 process, which is a specific long-term project, the goal  
13 will be to make that process faster, more efficient, and  
14 easier to implement, so we actually stand in a better  
15 place with respect to current procedures and  
16 expectations, making sure that the policy part of the  
17 document, which should be a little more difficult to  
18 change, is separate from the details of how we do work,  
19 which is important, but it doesn't have this -- you know,  
20 it is a little different than the policy.

21 And I think one of the things we find is we  
22 have merged those two in a way where it is incredibly  
23 inefficient to update things that need to be updated  
24 regularly. I don't know if --

25 MR. MCCREE: And that is the point. And  
26 thank you. We got there slowly, or at least I got there  
27 slowly.

1                   One of the things we recognized is, as Fred  
2 alluded to, is that it is -- our management directive  
3 update process is very lengthy and time-consuming, and  
4 we believe that there must be some efficiencies in there  
5 that we can obtain.

6                   This is not to reduce the number of  
7 directives or in any way diminish the adequacy of our  
8 internal controls. It comes from having clear guidance  
9 to enable us to do our job in a way that is scrutable  
10 and appropriate, but it is the updating and the creation  
11 of guidance documents that we believe that are some  
12 efficiencies to be gained.

13                   CHAIRMAN BURNS: Okay. Great. Thanks.

14                   Maureen, could you describe for us the next  
15 steps in timing for incorporating the work we are doing  
16 in the rebaselining into basically the budget  
17 development process? And, related to that,  
18 ultimately, in the fee rule?

19                   MS. WYLIE: Certainly. So we have already  
20 been able to implement some of the opportunities to shed  
21 in the final stages of our FY17 budget submission. So  
22 we had included some at the early stage, some of the  
23 items that Darren described around centralization of  
24 travel and budget formulation for the regions. Done  
25 already.

26                   New elements have been included for the  
27 FY17 budget which we roll out in early February. And

1       then, as the Commission votes on those elements that we  
2       believe can be shed, that have policy implications, it  
3       is our intent to do as we have done in previous years,  
4       to clearly articulate to our appropriations committees  
5       where there might be additional savings in our budget  
6       going forward for '17.

7               We also begin the FY18 budget process in  
8       approximately March. So because the federal budget  
9       process is pretty much constant, we can then dovetail  
10      those savings in. And, of course, as we do the work on  
11      these longer term items, which '18 and out, we will feed  
12      them into the '18 and '19 budget processes as well.

13             So we have to work with OMB about how we do  
14      that, but the feedback that we have had is that everybody  
15      wants us to succeed in Project Aim, and they want us to  
16      be able to take advantage of those savings when they are  
17      available.

18             CHAIRMAN BURNS: Okay. Thanks.

19             Commissioner Svinicki?

20             COMMISSIONER SVINICKI: Good morning, and  
21      thank you all for your presentations. I will offer some  
22      observations and reactions, because although I engage  
23      with a lot of you on these topics, it is a rare  
24      opportunity. Today's meeting is a rare opportunity to  
25      be able to speak broadly, to offer encouragement and  
26      praise where I can, to offer perhaps some cautions where  
27      I would like to add my observations about where we are

1 headed and how we are approaching some of these issues.

2 I want to begin by quoting very briefly.

3 In the rebaselining instructions that were sent to  
4 program offices, the very first paragraph of the  
5 document, before it got to the procedural aspects, was  
6 a message from the EDO and CFO to all of the offices,  
7 and part of it reads, "This is a time of change, and it  
8 is not within our control to alter that reality. The  
9 agency will be smaller in the coming years than it is  
10 now.

11 "As we work to become smaller, there is the  
12 unique opportunity to look inside of ourselves, our  
13 organizations, and our processes, to find the things  
14 that impede our ability to make quality decisions in a  
15 timely manner, and that frustrate us and our fellow  
16 employees. It is incumbent on us to fix the  
17 inefficiencies that are within our control. Please do  
18 not miss this opportunity."

19 And I want to really align with that message  
20 and express that, you know, I hope that that was heard  
21 and internalized by the staff from the EDO and CFO. It  
22 is a much more eloquent statement of something that I  
23 tried to communicate at the agency's all-hands meeting  
24 in September when I expressed the view that I don't think  
25 Project Aim is about being less than we are now, although  
26 and as this acknowledges, we are right-sizing, which I  
27 don't like because it is not a direct term.

1                   And, in truth, we are downsizing, and there  
2                   is an explicit acknowledgement in this message from the  
3                   EDO and CFO that we will be smaller. So we will be  
4                   fewer, but I don't think that we need to be less than  
5                   we are. And I do see it as an opportunity, and I  
6                   appreciate that our senior leadership is communicating  
7                   that forward.

8                   How do we communicate that? Well, I am a  
9                   believer -- it won't surprise people based on my conduct  
10                  -- I am a believer that in times of change I think the  
11                  way that we approach that with integrity is an  
12                  almost-painful-at-times honesty with each other about  
13                  things.

14                  And I want to acknowledge Miriam's message  
15                  that she just gave us moments ago where she said it is  
16                  vitally important that we prepare supervisors and staff  
17                  for the future landscape. I think the early out buyout  
18                  appeared to be well-communicated, and I want to commend  
19                  OCHCO and its staff for that. I think it was well  
20                  developed and well executed, and I think, you know,  
21                  these types of smaller scale, successful implementation  
22                  and execution of elements of Aim build a growing  
23                  confidence. And that is good because this is a  
24                  multi-year effort with many moving parts.

25                  And so, you know, not every aspect of it is  
26                  likely to be successful, but another thing that  
27                  encourages me is our commitment to apply an improvement



1 process to our improvement process as we implement, so  
2 it can be called sharpening the saw or any number of  
3 terms of art that have been used in management and  
4 organizations over the years.

5 I will offer some specific feedback.  
6 Michele, I appreciate your presentation. I think NRR  
7 is a very sizeable office within the agency, has things  
8 already underway. Candidly, had some initiatives in  
9 business process improvement underway prior to Aim's  
10 initiation, and in the Commission's action on the  
11 Project Aim recommendations, you know, we didn't seek  
12 to disturb that in any way.

13 Your presentation indicates to me that  
14 there is a pretty full scale ahead momentum that  
15 continues in NRR. Congress is in the stages of  
16 completing their action on our budget for the current  
17 year, and accompanying that it appears likely that they  
18 will enact a set of reporting measures, some of which  
19 specifically address the licensing backlog.

20 And so I know that as the Commission  
21 oversees your work, people will be overseeing all of our  
22 efforts on this front. So I think, as we predicted, we  
23 are going to have sustained and perhaps heightened  
24 external interest in our implementation on Project Aim.

25 And so we move forward. I do want to maybe  
26 build off Commissioner Baran's questions about the  
27 Centers of Expertise. That paper is in front of us, and

1 it is not the purpose of today's meeting to litigate or  
2 adjudicate the outcome on that. I don't always share  
3 the unbridled enthusiasm that may exist for centers. I  
4 see some things going on in the paper that I would ask  
5 you all to think about.

6 You have looked to history, and you have  
7 talked about use of centers over the course of the  
8 agency's history. I might suggest to you that on  
9 occasions you are conflating a bit consolidation or  
10 transfer of a function with the creation of a center.  
11 They operate differently, and I think that there have  
12 been consolidation of construction, inspection in  
13 Region II, consolidation of aspects of materials  
14 programs. It is different -- and Commissioner Baran  
15 was exploring this -- it is different from needing to  
16 keep an element of a function in a program office and  
17 yet consolidating some other aspect.

18 To be honest with you, when I look at  
19 rulemaking -- and I appreciate that Commissioner Baran  
20 selected those out of the four that you are  
21 recommending, because perhaps I would feel differently  
22 about allegations. Maybe intuitively that makes a bit  
23 more sense to me.

24 Rulemaking is the clearest case and, to a  
25 degree, the external natural hazard center and the tech  
26 spec center are going to fall victim to the same concern  
27 I am about to articulate, which is that -- so people have

1 to continue part of the function, so the technical part  
2 of rulemaking is done in NRR.

3 Right now, if I am in NRR -- Dave Skeen did  
4 a good job of describing this -- I have to coordinate  
5 within there. You know, one interpretation of the  
6 rulemaking center is now I will have to go and coordinate  
7 with NMSS, and then NMSS is going to do the coordination  
8 that I would have done but will do it on my behalf with  
9 perhaps not the level of knowledge that I would have had  
10 about it.

11 You know, is it the kind of efficiency that  
12 only a bureaucrat could love? Because now I have a  
13 whole new step. I do, in general, believe that  
14 efficiency comes from flattening, and that I reside such  
15 sincere confidence in the quality of people we have at  
16 NRC, which I have become a bit evangelical on, we are  
17 capable of so much, and that is why I am often hard on  
18 NRC, because when -- it is like a family. You know, when  
19 people are capable, you just really -- you want to see  
20 them perform at that level.

21 I know we have to keep the potential merger  
22 of NRR and NRO as something we talk about like a  
23 hypothetical. It is true that I have not succeeded in  
24 persuading a majority of this Commission to explicitly  
25 direct that that merger will occur, but I would be very,  
26 very surprised if any informed NRC individual within the  
27 sound of my voice really believed that five years from

1 now there will be -- what was the terminology that was  
2 used?

3 I think that Michele had a statement about  
4 the changes in the domestic energy sector have changed  
5 the outlook. And they have. So I don't think anyone  
6 within the sound of my voice who follows the issues  
7 thinks that five years from now there will be a quantity  
8 of new reactors' work in front of this agency that would  
9 justify the sustainment of an entire office, which, for  
10 those who don't know it, NRC is a very large  
11 organization. Offices are not small.

12 So we can treat it as hypothetical. The  
13 market has decided this matter for us, and many  
14 Americans wonder why it takes their government so long  
15 to concede to the obvious. But at some point we will  
16 move forward. Michele has talked about the mechanics  
17 of the staff's planning to bring those organizations  
18 together.

19 But, you know, I would ask in the Centers  
20 of Expertise paper, when I read a statement that is  
21 saying centralizing external hazard center and NRO,  
22 centralizing the functions in NRO, normalizes the  
23 workload.

24 Okay. I also have 20 years of continuous  
25 federal service, and there is a certain  
26 bureaucrat-speak. "Normalize the workload in NRO" --  
27 in my view, you don't artificially inflate the workload

1 of an organization whose workload is declining when it  
2 is inevitable that that organization will be merged with  
3 another organization. That simply prolongs the  
4 transition time.

5 So I am being real honest with you, because  
6 I began at the beginning by saying, "Change isn't made  
7 any better by sugarcoating it and talking about it in  
8 ways that make it sound like I am going to shield people  
9 from reality." Everyone is an adult and is ready to --  
10 and is probably watching the external landscape even  
11 more closely than we are.

12 So I think we need to have an element of  
13 accepting the reality and moving forward on some of  
14 these things.

15 I do want to ask one final point, and this  
16 might go to Michele. You talked about the fact that in  
17 business process improvement, we are looking at things  
18 like a more rigorous approach to seeking information on  
19 license amendment requests. I know we are looking at  
20 our licensing workload.

21 Again, change is hard, and I think  
22 sometimes, as Commissioner Baran noted, the hardest  
23 type of change is really perfecting things and making  
24 them more efficient. Easy types of change are changes  
25 to wiring diagrams, which I worry that some aspects of  
26 the Centers of Expertise that's -- the wiring diagram,  
27 change in efficiency, much as whatever Commission sat

1 and decided that the Office of Research shouldn't have  
2 it centralized and it was decentralized, here we sit  
3 long after Commissioner Svinicki is gone, there is  
4 another Commissioner going to sit in this very chair and  
5 go, "Oh, my gosh. Startlingly, we find that this ought  
6 to be moved back to the program offices."

7           Funny thing about 25 years of federal  
8 service, we watch this pendulum go back and forth  
9 between centralization and decentralization. But I  
10 think on licensing, you know, and doing it differently  
11 is not the same as doing it better.

12           I will note that I was troubled by -- I will  
13 close with this -- a letter that was recently sent  
14 regarding a licensing matter. It wasn't NRR, but  
15 preapplication readiness assessment observations on  
16 the draft early site permit application for the Clinch  
17 River Nuclear Site.

18           NRC staff communicated to TVA, "In order to  
19 conduct reviews on a more predictable schedule, NRO is  
20 committed to a more rigorous acceptance review  
21 process." That rigorous acceptance review, Michele,  
22 you can say -- when you said "a rigorous process on  
23 getting additional information" that triggered this  
24 with me. It says, "As such, greater consideration is  
25 being given to aspects of an application that could  
26 result in a review extending beyond a projected 30-month  
27 schedule that NRC expects for ESP reviews, when

1 extending beyond a projected 30-month schedule that NRC  
2 budgets for ESP reviews." So when extending beyond  
3 that, aspects -- and when those aspects are identified  
4 in an application, careful consideration will be given  
5 to whether an application should be docketed.

6 Does that mean that if, like, a license  
7 amendment request or a new licensing review is  
8 considered to meet, it is going to exceed a model  
9 milestone schedule or a goal we have set for ourselves?  
10 We are not going to docket it? Is that part of what is  
11 being considered for Project Aim? Does that make -- is  
12 that familiar to you at all? So is that the direction  
13 we are going, that if we can't do a power uprate in 18  
14 months, we are not going to docket something?

15 Dr. Jennifer Uhle has come to the  
16 microphone to illuminate this matter. Thank you.

17 MS. UHLE: You're putting me on the spot.  
18 This is Jennifer Uhle, I'm the Director of the Office  
19 of New Reactors. And looking at the wording in that  
20 letter, it does appear to represent that we are only  
21 going to be accepting applications that we can complete  
22 in 30 months, and that is not what we meant by those  
23 words --

24 COMMISSIONER SVINICKI: Okay.

25 MS. UHLE: -- I would say. We've had some  
26 communication with the licensee via phone call about  
27 what we actually did mean by that. We are, of course,

1 looking at being more efficient. And an inefficient  
2 review sometimes starts from an application that really  
3 shouldn't have been submitted, but --

4 COMMISSIONER SVINICKI: And I'm all about  
5 having docketing standards --

6 MS. UHLE: Right.

7 COMMISSIONER SVINICKI: -- in acceptance  
8 reviews. And I didn't --

9 MS. UHLE: Right.

10 COMMISSIONER SVINICKI: -- mean to put you  
11 on the spot.

12 MS. UHLE: No, that's okay.

13 COMMISSIONER SVINICKI: The troubling thing  
14 would be is if we just thought it was complex, we weren't  
15 going to start.

16 MS. UHLE: Absolutely not. And so it was  
17 really trying to say that we didn't believe, based on  
18 our readiness review, that the technical justification  
19 for what they were looking to do in the case of the size  
20 of the Emergency Planning Zone or the technical  
21 justification for looking at the seismicity of the site  
22 and doing some natural phenomena work there, we didn't  
23 believe that, that was adequate. And so we were  
24 implying to them that, don't come in with this because  
25 we will not accept this because it's not adequate to  
26 represent the phenomena of interest.

27 And it did highlight that we recognize that



1 perhaps we're being more strict now in our acceptance  
2 reviews, in large part because it turns out to be a more  
3 efficient review process if you have a fully justified  
4 submittal, you don't have the Requests for Additional  
5 Information that gets unruly and is not efficient. So  
6 that was what we were meaning by those words and --

7 COMMISSIONER SVINICKI: Okay.

8 MS. UHLE: -- I see now they don't  
9 necessarily represent that meaning.

10 COMMISSIONER SVINICKI: Okay. I thank you  
11 for that clarification. I apologize. Thank you, Mr.  
12 Chairman.

13 CHAIRMAN BURNS: Commissioner Ostendorff?

14 COMMISSIONER OSTENDORFF: Thank you.  
15 Thank you for your presentations. I want to start out,  
16 Victor, with kind of maybe reinforcing a point made by  
17 Commissioner Svinicki, where I also applauded the message  
18 that you and Maureen put out and the message from the  
19 EDO and CFO to the Offices. I know, I had a chance to  
20 meet with Victor up in Region I just last week with an  
21 all-hands group and I've been to two other Regions this  
22 fall and I've been reading all the agency-wide EDO  
23 updates and other communications, including from Miriam  
24 and her team, on various aspects of the personnel side  
25 of Project Aim and so forth. The question I had and I'll  
26 ask it for Victor, maybe Miriam will also want to comment  
27 on it, what kind of feedback are you getting from the

1 Staff as to how well Project Aim type issues are being  
2 communicated?

3 MR. MCCREE: So, thanks for your question.  
4 I think there's a growing level of awareness. I do  
5 believe based on the meetings, the all-hands meetings,  
6 that I've participated in both here and at headquarters  
7 offices in the Regions, that the Office Directors and  
8 Regional Administrators have done a very good job making  
9 sure that folks are aware of the importance of what  
10 Project Aim is, what it isn't, what the Offices and the  
11 Regions can do, and individually what they ought to take  
12 advantage of in this time. So, there's a growing level  
13 of awareness.

14 There has been some anxiety and some  
15 confusion, so we're being very sensitive to that, taking  
16 advantage of our colleagues in the NTEU to better  
17 understand what those issues are and we're taking them  
18 head on. The only other point I'd make, the sense of  
19 urgency that you've described in that first paragraph  
20 was intentional. We need to have, I believe, that sense  
21 of urgency to move forward in this Project. I'm  
22 reminded, when I was 17, I guess when we were both 17,  
23 18 years old after I first took the Oath of Office,  
24 everywhere you had to go, you had to run. There was a  
25 sense of urgency designed into your DNA.

26 And I believe that's what I sense now, that  
27 everyone recognizes that we need to be more urgent about

1 change. And I believe that, that change will be built  
2 into our fabric, our culture, even after re-baselining  
3 is completed, that we need to be mindful of areas where  
4 we can be more efficient and more effective and  
5 proactive in identifying those and building plants to  
6 include them in our process. So I do sense a growing  
7 awareness and appreciation for that opportunity.

8 COMMISSIONER OSTENDORFF: Okay. Maureen?

9 MS. WYLIE: So, I've also been out traveling  
10 and I think what's been important in the feedback that  
11 I've received is that they appreciate that we speak  
12 directly to their concerns. So, acknowledging  
13 uncertainty, inviting them to participate, giving them  
14 agency, and treating their concerns fully as best we  
15 can. I've had great feedback, obviously people talk to  
16 me much more about the corporate types of activities.  
17 But even in some of those areas where we touch on the  
18 work that's being done in our programmatic business  
19 offices, I think there is a recognition that we can do  
20 this together and that, while we can't take away  
21 everybody's anxiety, by participating and making it  
22 work, in the end it's better for everyone.

23 COMMISSIONER OSTENDORFF: Okay. Thank  
24 you. I also note that I've had, and we'll hear from  
25 Maria later on and I appreciate and know that she'll tell  
26 us her perspective in a few moments, but the feedback  
27 I've gotten from my periodics with senior leadership at

1 this table is appreciation for the active engagement of  
2 the NTEU organization throughout Project Aim. So I've  
3 been very encouraged to hear that. Not to say there's  
4 not some issues or problems, but engagement's been  
5 there, so I've been encouraged by that.

6 Fred, I'm going to ask you a question and  
7 this goes to add/shed and re-baselining. And I'll be  
8 very blunt, sometimes the Commission receives papers,  
9 and I could give you a number of examples, where we see  
10 the collective input from the Staff, filtered through  
11 management, is trying to achieve a consensus approach.  
12 They're not trying to upset any Office Director or any  
13 part of the organization. So I've got to tell you, I'm  
14 a little bit worried on the, how do we ensure an  
15 institution-wide, consistent approach when  
16 re-baselining and add/shed?

17 MR. BROWN: I think the Steering Committee  
18 would assure you that not offending Office Directors is  
19 not a problem with Fred Brown, I think I've offended  
20 everyone in the Agency probably six or seven times in  
21 the last five months.

22 (Laughter.)

23 MR. BROWN: That's probably true. So,  
24 under Vic's leadership and Maureen's, we actually had  
25 a meeting with all the Office Directors as recently as  
26 Tuesday afternoon of this week. And we all believe that  
27 to be successful, we need to do this together, this is

1 all about one NRC and it's consistent with the message  
2 that was provided to the Offices back in, literally,  
3 August time frame, September time frame.

4 And it's with a great deal of satisfaction  
5 that I can say that the commitment and the engagement  
6 throughout the Staff and the leadership team has  
7 accelerated to the point where, in Victor's words and  
8 the dialogue with the Office Directors this week, this  
9 is a product that is based on input from the Staff and  
10 the subject matter experts and line management. It's  
11 owned at the Office Director level. We continue to  
12 refine it and, literally at this point, the refinement  
13 is around making sure that we can deliver on the promises  
14 in the low priority portion a common prioritization.

15 And we may find opportunities to add some  
16 things into low priority as we really scrub the list,  
17 but we're dealing more now, can we really do what we've  
18 said we want to do, than the other way around. It's not  
19 forcing stuff in. So it's very satisfying to me where  
20 we're at. And I don't think I can say more than that.

21 COMMISSIONER OSTENDORFF: That's fine.  
22 You know where I'm coming from. Okay. I'm going to  
23 speed up here. Miriam, I've got a question for you.  
24 And it's already been addressed by Commissioner  
25 Svinicki and citing the EDO/CFO statement about, we're  
26 in a very different place, things have radically  
27 changed. And we've seen some examples and I want to get

1       into directed reassignments, is the thrust of my  
2       question here. We've had lots of success the last  
3       couple of years moving people from NRO to NRR to deal  
4       with Fukushima type issues.

5                   At the end of the day, we can't have people  
6       doing work in -- people have to work where the work is.  
7       And we can't afford to not to do that, we have a  
8       responsibility to the taxpayers, to our licensees that  
9       pay the fee basis, and so, certainly at some stage, I  
10      would expect that there would not be a voluntary type  
11      approach taken to how we approach or people working  
12      where the work is. Are there any barriers or challenges  
13      that you see in having people reassigned where they need  
14      to be to match the workload?

15                   MS. COHEN: I think the biggest issue is  
16      cultural, I mean, quite frankly, that we've been very  
17      good at moving people to where the work is. Sometimes  
18      it takes a little bit longer, but -- in fact yesterday,  
19      I actually had a conversation with Bill Dean in light  
20      of some of the organizational changes that Michele  
21      alluded to in terms of where NRR is going, where their  
22      work is going into 2017, and the need to start now to  
23      figure out how we can redeploy, reassign, staff to the  
24      areas where there's going to be work in the future.

25                   And so, I think what we really need to do  
26      is start having those conversations that I alluded to  
27      earlier with supervisors and staff so that if you've

1       been doing X amount of work your whole career, well, the  
2       Agency might need you to kind of expand the aperture,  
3       right, a little bit and try to do something else. We're  
4       not very good at having those conversations as  
5       supervisors in the organization and one of the things  
6       that's very good about this organization, you and I have  
7       talked about this, is that we provide very good  
8       opportunities for staff to expand their knowledge and  
9       skill sets through, whether it's formal training, on the  
10      job training, and so those opportunities do exist.

11               And I believe that, as we take the steps  
12      now, knowing where we're going in 2017 and beyond, that  
13      we can address those challenges. I think the biggest  
14      thing, as I alluded to earlier, is in providing the tools  
15      necessary for the supervisors and staff to understand  
16      that they have to be a little bit more flexible, on both  
17      ends, to be able to meet those needs for the Agency.

18               COMMISSIONER OSTENDORFF: Okay. Well, I  
19      just -- in this particular, and I'm going to go a little  
20      bit over my time here --

21               CHAIRMAN BURNS: Yes, that's fine.

22               COMMISSIONER OSTENDORFF: -- so I  
23      apologize, but I feel so strong about this. Elsewhere  
24      in the private sector and other federal agencies in  
25      which I have served, there has been a clear policy, if  
26      the work isn't there, people don't stay where they were,  
27      they go to where the work is. And it's not an optional

1 kind of decision --

2 MS. COHEN: Right, and I would --

3 COMMISSIONER OSTENDORFF: -- it's a  
4 directed decision and --

5 MS. COHEN: Right. And I --

6 COMMISSIONER OSTENDORFF: -- we cannot  
7 afford to do otherwise. This is my personal view.

8 MS. COHEN: Right. And I think you used the  
9 right word, is afford. Because in the past when there  
10 was Agency surpluses in terms of cash available, you  
11 could afford to fund overages and we're not in that  
12 situation anymore. So people will need to be  
13 redeployed to where the funded work is.

14 COMMISSIONER OSTENDORFF: Okay. And I'm  
15 going to make a couple of quick comments and then one  
16 last question for David. Michele, I want to applaud  
17 you, Bill Dean, and the entire NRR team on the progress  
18 that has been made on the licensing backlog. I think  
19 that is extremely significant. I will not ask you a  
20 question on this, I will just comment, I hope that we  
21 can move out of the JLLD earlier than your slide said  
22 in 2019. I think that's too late, just my personal  
23 view. I'm not asking you to comment, but I think that  
24 it's time to more quickly eliminate that organization,  
25 to roll things back on the regular line organization.

26 Dave, I was not going to actually question  
27 this, but the thoughtful question that Commissioner



1 Baran asked on the rulemaking, I've got ask this,  
2 because I think you teed up some really -- you  
3 categorized and bent it in a way that's helpful. So I'm  
4 going to use an actual example, and if you want to have  
5 Scott come to the table, that's fine, but this is my last  
6 question. I'm a contextual person, I can't think about  
7 abstractly how this might work, and so I'm going to go  
8 back and we have experience with two rules I'm going to  
9 bring to the table here. One of them is the mitigation  
10 for beyond design basis event rulemaking. The other is  
11 the Digital I&C IEEE 603, we'll have a meeting on that  
12 this afternoon.

13 But I look at those two reactor centric  
14 significant efforts and, similar to Commissioner Baran  
15 on those accountability, who's in charge, who's driving  
16 this, I can't say, well, this is a Project Manager in  
17 this organization that is having the train run on time,  
18 but all the technical stuff is over here in a different  
19 organization. I'm struggling to figure out in the  
20 context of those two recent examples how this might  
21 work, because I can't draw a clear line of demarcation  
22 between project management process and substance.  
23 Help me out here.

24 MR. SKEEN: Yes. So, again, let me take a  
25 shot at this and, then, Scott, if you want to weigh in,  
26 that's fine, or anyone else at the table. I go back to  
27 the process of rulemaking and how it works, right? You

1 have working groups that do rulemaking and you have a  
2 Project Manager that gets usually a multi-discipline  
3 team of technical experts, and it could impact two  
4 different Offices. So, I may already have rules where  
5 I have an NRO and an NRR technical expert on the  
6 rulemaking team. So the project management, they lay  
7 out the schedule, they lay out, this is when we have to  
8 get things done, this is the public interactions we have  
9 to have, but the technical basis, the technical basis  
10 has to come from the technical --

11 COMMISSIONER OSTENDORFF: No, I'm sorry. I  
12 understand that. That's not the question.

13 MR. SKEEN: Yes.

14 COMMISSIONER OSTENDORFF: The question is,  
15 in the reality how the mitigation beyond, let's just use  
16 that one, you were heavily involved in that in your prior  
17 experience. There's tremendous numbers of public  
18 meetings with NGOs, with industry, with NEI, et cetera,  
19 that evolved that whole rulemaking over a long period  
20 of time.

21 MR. SKEEN: Yes.

22 COMMISSIONER OSTENDORFF: So, I don't see  
23 how it's possible to separate out the process piece from  
24 the technical substance of the rule piece.

25 MR. SKEEN: Yes.

26 COMMISSIONER OSTENDORFF: So how would that  
27 have worked in that one example?

1 MR. SKEEN: Okay.

2 COMMISSIONER OSTENDORFF: That's the  
3 question.

4 MR. SKEEN: I would go back to, even if you  
5 combine this into one Office, you will have Project  
6 Managers that have more experience in reactors or  
7 materials or new reactors, right? That's the  
8 backgrounds they have, that's the regulations they  
9 understand. And so as you look to fill that group, if  
10 people leave, if a reactor type person leaves, I would  
11 look to replace them with a reactor type person, a  
12 Project Manager that could help do reactor type  
13 rulemaking.

14 But what you hope to do over time is  
15 cross-train some of the Project Managers to say, if the  
16 work is more in one area than another, can I have a  
17 Project Manager fill in and do a rulemaking that maybe  
18 that wasn't their original area of expertise, but  
19 they've learned over time or been cross-trained to do  
20 it? So that's what we're looking at as far as putting  
21 the groups together like that. It's not that I would  
22 just have all NMSS materials type Project Managers  
23 running all the rulemakings for reactors or whatever.  
24 You would have people with that background, that  
25 knowledge.

26 Because basically what you're going to do  
27 is move the people into one Office that have that

1 expertise now. That's not going to change any, right?  
2 There will always be some number of folks with their  
3 primary expertise in materials and some with existing  
4 reactors and some with new reactors, but if you could  
5 cross-train some so that if, in one particular area, the  
6 rulemakings increase, in an area they go down, then I've  
7 already got the project management group together and  
8 it's easier under one management chain to shift those  
9 resources back and forth. So that's the thinking.

10 COMMISSIONER OSTENDORFF: Okay.

11 MR. SKEEN: That's kind of what we're  
12 thinking about.

13 COMMISSIONER OSTENDORFF: I appreciate it.  
14 Scott, did you want to say something?

15 MR. MOORE: Scott Moore. Dave is  
16 absolutely correct. And in the example you bring up,  
17 for things like public meetings, they would still  
18 involve some technical staff to answer the technical  
19 questions. The Project Managers that involved with the  
20 reactors themselves would be responsible for setting up  
21 the meetings, carrying out all the logistics, and going  
22 to the public meeting, but there would be some technical  
23 staff that would be involved in the presentations at the  
24 meeting as well.

25 COMMISSIONER OSTENDORFF: Okay. Thank  
26 you. Thank you all.

27 CHAIRMAN BURNS: Could I -- Commissioner

1 Baran, just to make sure we sort equalize time, is there  
2 another question you'd like to ask?

3 COMMISSIONER BARAN: The answer to that is  
4 always, yes.

5 (Laughter.)

6 COMMISSIONER BARAN: Let me just follow up  
7 on this, on the Rulemaking Center for Expertise concept.  
8 So, I think Dave did a very good job just explaining the  
9 potential agility benefit of going this route. If you  
10 pool the three Branches together in a Directorate, or  
11 whatever it's going to be, and you have differing levels  
12 of work in those three areas you pointed out, you have  
13 a pool of people that can cover any area. So I get that.  
14 Can you talk a little bit about the potential downside?

15 Because it seems to me, you get a benefit,  
16 I think, the Staff thinks is a benefit, not just in  
17 agility, but just in terms of having all the rulemaking  
18 folks together, learning from each other, talking to  
19 each other, maybe it helps with retaining them in the  
20 Agency, you could talk a little bit about that if you  
21 want to, that element, but the downside that would seem  
22 to exist, but I want you to talk about this and tell me  
23 if I'm right, is that while you're pulling those people  
24 together, you're pulling the rulemaking folks and NRR  
25 and NRO further away from the technical experts that,  
26 right now, they're working with in those organizations,  
27 in those Offices. So how do you weigh the pros and cons

1 of that? There's a benefit from having the rulemaking  
2 folks together, there's probably a disadvantage from  
3 pulling them further away from the technical folks. Is  
4 that a real concern? How do you look at that?

5 MR. SKEEN: Yes. So, again, I'll take a  
6 shot at this. You're right, there are downsides to  
7 doing this. There was a reason that they put it closer  
8 to all the Program Offices in the first place, because  
9 each Office felt that they could control their  
10 rulemakings easier. Because I have this certain  
11 closeness of the technical staff and the rulemaking  
12 project management folks.

13 But in truth, I think back to my time in NRR,  
14 I was a rulemaking Branch Chief at one time many years  
15 ago, we had the project side of it, we controlled the  
16 process, but we didn't make any of the technical  
17 decisions on what would be done and on how you were going  
18 to do the rules. We had lots of processes in place that  
19 the Commission would direct what rules they wanted done,  
20 with the Proposed Rules and whatever, and then we would  
21 follow through on that. But it was always our Division  
22 of Engineering or our Division of Safety Systems  
23 Analysis, those are different Divisions already on  
24 different floors in the building anyway.

25 So, while you work with those folks, to me,  
26 sitting in One White Flint or Two White Flint and having  
27 your working group meetings, I don't see all that much

1 difference in it. Yes, you are right, there is a danger  
2 to that and that is a negative, that's a downside. And  
3 that's something we have to do, if the Commission  
4 decides we should move forward with the Rulemaking  
5 Center of Expertise. There's a whole implementation  
6 thing we have to go through.

7 We are working on guidance that says,  
8 before you make any moves, the first thing is  
9 communicate, communicate, get stakeholders together,  
10 understand what's going to happen. You have to develop  
11 an implementation plan, a communication plan. You have  
12 to talk to the people that are going to be affected by  
13 this, does this really make sense to go down this path?  
14 And all we've done so far is have some preliminary  
15 discussions with potentially affected Staff to find  
16 out, where there any show-stoppers in their view of  
17 going forward with this? And we didn't hear any.

18 We heard some concerns, as you always hear.  
19 If you're going to move staff from one group to another  
20 group, there are concerns about that and we have to work  
21 through those. But we didn't hear anything that said,  
22 absolutely not, this isn't going to work. So, if we run  
23 into that, and as we promised in the paper we sent you,  
24 if I run into that as we go through this process, we'll  
25 come back and say, you know what, we found something that  
26 is a show-stopper now, it wasn't as easy as we thought  
27 it was going to be to get this done.

1                   COMMISSIONER BARAN: In terms of the  
2 benefits of this proposal, as you see them, and anyone  
3 can answer this, but you're doing a good job, so you can  
4 keep going, what's the principle benefit of this? Is  
5 it agility? Is there some other -- why do this? So,  
6 I mean, what's the reason for doing this?

7                   COMMISSIONER SVINICKI: Why is it superior?

8                   MR. SKEEN: I'm not saying it is superior,  
9 I'm saying it is -- it's a method you can do, right?  
10 This is a method that we can use.

11                  COMMISSIONER SVINICKI: You can make it  
12 work, but it's not superior to what we have. That's  
13 very odd to me.

14                  MR. SKEEN: Okay.

15                  COMMISSIONER BARAN: But this goes to the  
16 heart of my question, right?

17                  MR. SKEEN: Yes.

18                  COMMISSIONER BARAN: It's set up a certain  
19 way now --

20                  COMMISSIONER SVINICKI: If it's a change and  
21 it costs \$100k --

22                  COMMISSIONER BARAN: -- and maybe there's a  
23 really good reason to change it, that's what I want to  
24 know. What's the reason?

25                  MR. SKEEN: Right.

26                  COMMISSIONER BARAN: What's the benefit?  
27 Why change it?



1           MR. SKEEN: So, in my view, and others can  
2 weigh in if they think, the advantage of doing this,  
3 you're looking at rulemakings going down in general  
4 anyway. If they go down more in one area than another,  
5 you could end up with a Branch that had three or four  
6 people in it in one organization, which doesn't really  
7 make sense as a Branch to live. If you have a couple  
8 of Branches like that, it's better to combine the  
9 Branches. If those Branches are in one place rather  
10 than spread out in a couple of different Offices, it's  
11 easier to do that consolidation, if that's the case.

12           The other thought of putting them together  
13 and moving them over to, in NMSS in this case, is that  
14 if the Commission decides you're going to merge NRR and  
15 NRO, you move more resources out of there that you could  
16 say is not the primary mission of NRR, which is licensing  
17 and oversight of the plants. So that's the added  
18 benefit you get out of doing this. And that's, in my  
19 view, that's what I saw as we went through this.

20           MR. MOORE: I agree with Dave. He covered  
21 what I think the primary benefits are. It also  
22 standardizes service delivery. But I think,  
23 Commissioner Svinicki, in answer to your question, it  
24 remains to be seen if it's superior from the current.  
25 I'm not sure that we can say that right now.

26           COMMISSIONER SVINICKI: And it does cost  
27 money, right, to set up Centers?

1 MR. MOORE: Yes, ma'am.

2 COMMISSIONER BARAN: I think we should put  
3 her down for a definite maybe.

4 (Laughter.)

5 CHAIRMAN BURNS: Anything else? Well,  
6 thank you. We had some robust discussion. And at this  
7 point, I want to invite Maria Schwartz, Chapter  
8 Executive Vice President of the National Treasury  
9 Employees Union, for Union remarks. And I presume  
10 somebody's not calling in to add to the discussion.

11 (Laughter.)

12 CHAIRMAN BURNS: Anyway, welcome, Maria.

13 MS. SCHWARTZ: Good morning. Good morning,  
14 Chairman Burns, Commissioners, EDO McCree, NRC  
15 Managers, and my fellow bargaining unit employees. I'm  
16 pleased to be able to be here this morning to speak on  
17 behalf of NTEU Chapter 208. And equally pleased that  
18 many of my comments have already been touched on today  
19 by the Commission and the Agency's Aim Team. NTEU  
20 established a Project Aim Working Group, composed of  
21 Chapter 208 Officers and Members. They have devoted a  
22 good deal of time during the development of the Project  
23 Aim Initiatives, some of which you discussed this  
24 morning, in an effort to make a meaningful contribution  
25 at the partnership table, particularly as these  
26 Initiatives are implemented.

27 NTEU applauds the Agency Aim Team for their

1 dedication and their mindfulness of the importance of  
2 being transparent in regular communications with our  
3 employees. NTEU feels that management has made a  
4 concerted effort to include NTEU during the Agency  
5 Working Group discussions as the Project Aim 2020  
6 Initiatives have progressed. In spite of this, and as  
7 Chairman Burns pointed out, Project Aim, while  
8 conceived of as a measured approach for the NRC that must  
9 fulfill its safety mission while operating in a changing  
10 environment, has weighed heavily on our employees.

11 Why? Because of the uncertainties  
12 associated with it. It is a truism that one should  
13 never underestimate the power of purpose. Based on  
14 rigorous analysis of research conducted over 30 years,  
15 with 17 million employees, Gallop identified 12 core  
16 elements that best predict employee and workplace  
17 engagement and performance, which of course is critical  
18 to efficiency and effectiveness. Of those 12 core  
19 elements, I know what is expected of me at work ranks  
20 as Number One. Project Aim 2020 envisions a robust,  
21 agile, and strongly engaged workforce. This will not  
22 happen without dedicated and highly skilled employees  
23 and leaders that lead.

24 As the Aim Team works with the Offices to  
25 develop recommendation on how the Agency should  
26 prioritize its work and the Commission makes decisions  
27 on how that work can be done most effectively and

1       efficiently, or not at all, Project Aim 2020's statement  
2       that "employees are our greatest resource" must be the  
3       driver of those decisions. Employees must be able to  
4       see themselves as valued members of the Agency in the  
5       decisions that are implemented. This means ensuring  
6       that decisions are based on appropriate criteria and  
7       that the impact on our employees is accurately  
8       considered and reflected in those decisions.

9               As the NRC's FTE decreases, it is important  
10       that our remaining workforce does not misinterpret the  
11       Agency's response to a changing environment, believing  
12       that the reduction in staff is hard evidence that people  
13       don't count. The message should be, in fact, quite the  
14       opposite, that our employees matter more than ever.  
15       This is why NTEU has focused on three areas as we have  
16       provided comments on the various Project Aim  
17       Initiatives we have partnered: roles and  
18       responsibilities, processes and procedures, and  
19       training.

20              And Agency focus on these areas will  
21       provide an environment where employees know what is  
22       expected of them. They will also understand the  
23       processes and procedures that are available to support  
24       success. And, finally, they will be able to acquire the  
25       training necessary to develop the skills they need now  
26       and will need into the future. The Agency's decision  
27       must ensure that our employees get the right message.

1 Our employees must know what is expected of them, how  
2 the work should be accomplished and how it will be  
3 evaluated, and, finally, are confident that they will  
4 have the necessary tools, including training, to be  
5 successful. This will ensure that our employees can  
6 see themselves as an engaged and productive part of the  
7 NRC workforce in 2020. Thank you.

8 CHAIRMAN BURNS: Thanks very much, Maria.  
9 I would like, everyone, to thank you once again for the  
10 presentations today. I know a lot of hard work goes  
11 into this, as well as, more importantly, as you carry  
12 out the recommendations in the Project Aim Initiative  
13 itself. And I think you've provided a good overview of  
14 progress, you've come up and tried to answer some of the  
15 questions, particularly in areas that may be of more  
16 controversy or more debate on it, and I, again,  
17 appreciate the straightforward responses that you've  
18 been giving.

19 And, in closing, I want to thank all Staff  
20 that have contributed to the Project Aim 2020 effort.  
21 Your dedication and the seriousness with which you  
22 undertake the work and ensure that the Agency  
23 effectively executes its Mission is greatly appreciated  
24 by the Commission. And, with that, we're adjourned. I  
25 wish everyone Happy Holidays and a Happy New Year.

26 (Whereupon, the above-entitled matter went  
27 off the record at 11:20 a.m.)

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