



SECRETARY

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

February 22, 2016

COMMISSION VOTING RECORD

DECISION ITEM: SECY-15-0143

TITLE: PROJECT AIM AND CENTERS OF EXPERTISE

The Commission acted on the subject paper as recorded in the Staff Requirements Memorandum (SRM) of February 22, 2016.

This Record contains a summary of voting on this matter together with the individual vote sheets, views and comments of the Commission.



Annette L. Vietti-Cook
Secretary of the Commission

Enclosures:

1. Voting Summary
2. Commissioner Vote Sheets

cc: Chairman Burns
Commissioner Svinicki
Commissioner Ostendorff
Commissioner Baran
OGC
EDO
PDR

VOTING SUMMARY - SECY-15-0143

RECORDED VOTES

| | <u>APPROVED</u> | <u>DISAPPROVED</u> | <u>ABSTAINING</u> | <u>N/P*</u> | <u>COMMENTS</u> | <u>DATE</u> |
|------------------|-----------------|--------------------|-------------------|-------------|-----------------|-------------|
| Chrm. Burns | X | | | | X | 12/4/15 |
| Comr. Svinicki | X | X | | | X | 2/5/16 |
| Comr. Ostendorff | X | | | | X | 1/816 |
| Comr. Baran | X | | | | X | 1/816 |

*Not Participating

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary

FROM: Chairman Burns

SUBJECT: SECY-15-0143: PROJECT AIM AND CENTERS OF EXPERTISE

Approved Disapproved Abstain Not Participating

COMMENTS: Below Attached None

Entered in STARS

Yes

No



Signature

4 December 2015

Date

Chairman Burns Comments on SECY-15-0143, "Project AIM and Centers of Expertise"

I commend the staff for its fulsome evaluation of existing Centers of Expertise (COEs) and consideration of 11 areas to determine whether expansion of this organizational model will lead to a more efficient use of agency resources. I approve the staff's recommendation to pursue COEs in the areas of rulemaking, allegations, external hazards evaluations, and technical specifications. My approval of these COEs is contingent upon completion of agency guidance on identifying, evaluating, and implementing COEs.

Although the projected resource saving are small at the onset of implementing the COEs, I believe making these organizational changes will improve the agency's ability to respond to changing workloads and enhance agency wide standardization, which is the core goal of the Project AIM 2020 initiative. Further, the staff has taken a conservative approach by recommending limited scope COE's for allegations, external hazards and technical specification activities; thus, the resource savings are minimal. Accordingly, as part of the evaluation and implementation of COE's in these three areas, the staff should reevaluate whether full scope COE's can be accomplished in the near-term by establishing risk mitigation strategies.



Stephen G. Burns
4 December 2015

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary
FROM: COMMISSIONER SVINICKI
SUBJECT: SECY-15-0143: PROJECT AIM AND CENTERS OF EXPERTISE

Approved XX In Part Disapproved XX In Part Abstain _____

Not Participating _____

COMMENTS: Below _____ Attached XX None _____



SIGNATURE

02/ 5 /16

DATE

Entered on "STARS" Yes No _____

**Commissioner Svinicki's Comments on SECY-15-0143
Project Aim and Centers of Expertise**

I approve the recommendation to pursue an expansion of the existing limited scope Center of Expertise (COE) for allegations housed within the Office of Enforcement (OE) to include the allegation coordination functions for headquarters. I disapprove the proposed recommendations for pursuing an agency wide COE for rulemaking and additional limited scope centers in the areas of external hazards evaluations and technical specifications. I join Chairman Burns and Commissioner Baran in conditioning my approval of the establishment of these or any other COEs (Recommendation 1) upon the completion of agency guidance on identifying, evaluating, and implementing COEs (Recommendation 2). Consistent with this, I approve the staff's Recommendation 2 and stipulate that it must be completed prior to the implementation of any or all parts of Recommendation 1.

Although I am reluctant to belabor my skepticism of the benefits potentially accruing from the broad or pervasive adoption of "centers" here at the NRC, given the nature of our work and the way we conduct it, I was unexpectedly assisted during the Commission's public meeting on December 17, 2015, when, in response to my question regarding the establishment of a COE for rulemaking of "Why is it superior?", the answer given by the staff was "I'm not saying it is superior. I'm saying it is - - it's a method you can do, right? This is a method we can use." Although the staff went on to elaborate conceptual benefits of centralization, they concluded with this: "But I think, Commissioner Svinicki, in answer to your question, it remains to be seen if it's superior from the current. I'm not sure we can say that right now."

The staff was directed to examine the lessons learned from the agency's TABS initiative in constructing these COE proposals for the Commission's consideration. One of those lessons was "build a clear case for change." Have we done that here?

I approve the COE for allegations on the basis that it is a clearly distinguishable case from the staff's other proposals. First, the process is fundamentally amenable to centralization. Second, it is an expansion of a currently well-functioning process. Third, the staff has estimated quantifiable savings to be achieved and assesses that this proposal "improves organizational agility and consistency across the agency with low risk of negative side effects."

I am far from convinced that the same is true of the staff's other proposals for centers. Without much effort at all on my part to build a case against the idea, I readily note the following. The centralization of rulemaking has been tried at the NRC, was rejected as a failure, and was eventually corrected into the de-centralization we have today. The same correction is likely to be made within the next decade, but unfortunately only after we have played out the old adage of "The lesson had been learned but we had to keep relearning it until each of us individually experienced the joy of learning it." With respect to centralizing technical expertise, I am attaching a colorful NRC memorandum from 1979 describing how well that particular effort seems to have worked here.

In light of these concerns and the ugly agency experiences of the past, final agency guidance on implementing COEs should include the following elements, which are essential to the effective functioning of this structure.

- No COE shall have ultimate or final decision making authority for individual licensing actions or the resolution or determination of regulatory outcomes. Centers provide

technical input and safety analysis. Decision making authority resides with the program office line management consistent with existing delegations.

- Centers shall function as an agency “in-sourcing” of centralized expertise akin to an in-house consultancy or contractor. Therefore, centers shall not be in the concurrence chain for regulatory products for which they provide input.
- Program offices shall continue to identify individual Project Managers (PMs) for licensing actions/facilities within the line management chain. These PMs shall continue to respond to and communicate with licensees directly.
- Agency timeliness metrics associated with the review of licensing actions shall continue to be monitored and tracked by the program offices and program office performance shall continue to be assessed against these metrics.
- The performance of the COEs shall be evaluated by the program offices against metrics established by the program offices at the initiation of each task.

Consistent with existing Commission direction, the staff continues to evaluate and plan for the eventual merger of the Office of New Reactors (NRO) into the Office of Nuclear Reactor Regulation (NRR), whence it came. The Commission’s direction in this regard has its roots in the changed circumstance of declining work associated with new reactors. In light of this ramping down, the staff should not artificially inflate the work load of NRO to stave off this inevitable reunification by establishing a COE for external hazards in NRO. If establishment of the COE for external hazards is approved by the Commission, it should be established within NRR and the appropriate staff from NRO should be transferred to NRR, coincident with the COE’s establishment. Instead of potentially staving off the reunification, establishing the center in NRR would improve the efficiency of the eventual merger by housing the expertise where it will eventually reside for the long term.

In a parallel vein, rulemaking must be informed by NRC’s technical subject matter experts but it is simply impossible to transfer every needed type of expertise into the new COE for rulemaking, should it be approved by the Commission. (This is fundamentally why rulemaking is decentralized now, and should stay so, but I have apparently failed to persuade on this point.) Consequently, the rulemaking COE should not reside in a program office but rather in ADM. The staff’s dismissal of this idea and selection of the Office of Nuclear Materials, Safety, and Safeguards (NMSS) to house their new COE strikes me as an arbitrary sidestepping of the problem, which does not and cannot solve the fundamental technical coordination issue, and likely another attempt at “normalizing” workload between the offices. (As an aside, we normalize through FTE allocations to each office. Unless we are levelizing for purposes of organizational ego, we’ve already got this one taken care of.) As the staff’s working group acknowledged, “a rulemaking COE in ADM would benefit from the existing experience that ADM has in working across business lines to prioritize and coordinate rulemaking activities, as well as ADM’s established relationships with external stakeholders involved in the rulemaking process.” Surely the staff does not intend to house technical staff with every possibly relevant subject matter expertise in this new rulemaking COE. Technical staff should not be transferred to populate this new rulemaking COE. In any event, Mr. Martin’s memorandum makes clear the many pitfalls of such a thing and I need not say more.

In closing, I repeat the admonishment of Mr. Martin from the attached memorandum: “We should not fragment this work in a fashion which is inherently unmanageable.” In light of the Commission’s likely approval of the creation of these COEs and, I fear, the proliferation of more of them, the staff should establish safeguards on the process in order to ensure greater transparency for those with pending matters before the agency, continued line management

accountability for meeting agency performance metrics, and the minimization of NRC employee frustration in carrying out our important day-to-day work.



Kristine L. Svinicki

5 February 2016

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

AUG 8 1979

MEMORANDUM FOR: Robert S. Brown, Jr., Assistant Director
Chief, Program Support Branch, NMSS

FROM: John B. Martin, Director
Division of Waste Management

SUBJECT: CENTRALIZED VERSUS DECENTRALIZED CONCEPT FOR SITE
TECHNOLOGY (NMSS-79-1153)

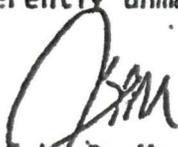
The "center of excellence" concept has proven to be unworkable. Despite all the promises and written memos of understanding between Denton and Cliff Smith, the help has never been there when we needed it. They constantly have found other reactor matters more pressing.

In addition, we have no management control over their people. This leads to endless problems on issues which usually require management judgments to resolve. The NRR people having no responsibility for the licensing issues at hand tend to be prima donnas and are very hard for us to get answers from or to direct their approach.

Another fact of life is that their own management cannot control them either. This leads to continual Mexican standoffs. We would not have these problems with our own people who have a direct sense of responsibility for the work and have to live with the results. In addition, we can manage their efforts so we get what we want when we want it.

Another fact of life is that the NRR mode of operation makes it very difficult to deal with problems that are non-routine. Their whole area is so regimented and litigative of nature that they have a hard time dealing with our types of problems. We are able to train our own people to deal with these non-routine problems effectively.

In summary, I consider depending on NRR to be unsound based on past experience. The help is never there when needed. When we do get it, it's often more trouble than help. In WM, we have very different, non-routine problems completely outside the experience base of NRR. We should not fragment this work in a fashion which is inherently unmanageable.


John B. Martin, Director
Division of Waste Management

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary
FROM: Commissioner Ostendorff
SUBJECT: SECY-15-0143: PROJECT AIM AND CENTERS OF EXPERTISE

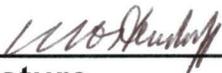
Approved Disapproved Abstain Not Participating

COMMENTS: Below Attached None

Entered in STARS

Yes

No



Signature



Date

Commissioner Ostendorff's Comments on SECY-15-0143: Project AIM and Centers of Expertise

I thank the staff for its efforts to evaluate Centers of Expertise (COEs) in response to the Staff Requirements Memorandum for SECY-15-0015, "Project AIM 2020 Report and Recommendations." In my vote on SECY-15-0015, I approved moving forward with establishing additional COEs but believed that work should be deferred until the rebaselining work was completed and approved by the Commission. That vote was cast with the expectation of a more robust assessment of, and recommendation for, potential COEs built on the rebaselining efforts. The staff's recommendations in SECY-15-0143 are more modest than I envisioned. That said, I am supportive of moving forward with establishing COEs. COEs will be an important tool for the agency to address the changing external environment as they, can enhance coordination and mutual support among offices, increase the ability of the organization to adapt to surges in work, improve efficiency, enhance cross-office standardization, and expand employee knowledge and experience.

Consistent with the Chairman's vote, I approve the staff's Recommendation 1 to pursue COEs for Rulemaking, Allegations, External Hazards Evaluation, and Technical Specifications. Regarding the COE for Rulemaking, I believe such a move is appropriate at this time of constrained resources and the associated need for increased agility. I see several benefits to this change. First, a Rulemaking COE will allow better normalization of workload, easier shifting of resources to accommodate changing priorities, and better cross training for project management staff as rulemakings, by their very nature, have cyclical resource needs. Second, while rulemaking processes and procedures are similar across the agency, a Rulemaking COE would ensure that these processes and procedures are implemented in a more consistent manner. Lastly, as the number of rulemakings decrease, housing resources centrally would allow for easier rightsizing while ensuring that rulemaking activities continue on the appropriate schedule. The staff has committed to re-engage the Commission if issues arise during the implementation of COEs, which is appropriate.

I also approve the staff's Recommendation 2 to fully develop and complete agency guidance on identifying, evaluating, and implementing future COEs. In its assessment, the staff identified several potentially advantageous COEs but did not recommend their creation at this time due to potential disruption of ongoing agency mission-critical work. I respect these concerns and note the need for future evaluation to determine whether these or other COEs should be created at some appropriate future time. To ensure that the agency maximizes the benefits of COEs, the staff should assess the impacts of the new COEs and continue consideration of additional COEs as appropriate. In implementing Recommendation 2, consistent with prior Commission direction, the staff should continue to refine how it ensures that "stove-piping" is mitigated and organizational complexity and confusion is minimized. Additionally, the staff should: 1) assess successes and lessons learned from implementation of the COEs proposed in Recommendation 1 and issue associated agency-wide communications within one year of their implementation; and 2) as resources become available, reassess the viability of those COEs that the staff identified could be appropriate, but for the impact on current agency work.

NOTATION VOTE

RESPONSE SHEET

TO: Annette Vietti-Cook, Secretary

FROM: Commissioner Baran

SUBJECT: SECY-15-0143: PROJECT AIM AND CENTERS OF EXPERTISE

Approved X Disapproved Abstain Not Participating

COMMENTS: Below Attached X None

Entered in STARS

Yes XX

No



Signature

1/3 116

Date

**Commissioner Baran's Comments on SECY-15-0143,
"Project Aim and Centers of Expertise"**

In this paper, the staff recommends pursuing three limited scope Centers of Expertise (COEs) for allegations, external hazard evaluations, and technical specifications, as well as an agencywide rulemaking COE. I would like to thank the staff for several thoughtful and frank discussions that assisted me during my consideration of the paper. I approve the staff's proposal, contingent upon completion of agency guidance for identifying, evaluating, and implementing COEs.

While the initial resource savings of this Project Aim initiative are modest, the staff has made a strong case that the COEs will boost NRC's agility by improving its ability to shift resources and work assignments to meet future workload. The COEs also are expected to enhance consistency and knowledge management.

Effective implementation will be the key to realizing additional efficiencies and capacities over the long term. This is particularly true for the rulemaking COE to be located in the Office of Nuclear Materials Safety and Safeguards. As the staff acknowledges, establishing clear lines of responsibility, accountability, and communication will be critical to the success of this COE.