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

CHAIRMAN

October 8, 1981

MEMORANDUM FOR: William Dircks, Executive Director for Operations

FROM: Nunzio J. Palladino

SUBJECT: REACTOR REQUIREMENTS AND REGIONAL OFFICE REORGANIZATION

The Commission has approved the basic features of the proposed reorganization, as described in the enclosed paper. Please proceed at once to brief the key staff involved, to draft appropriate functional statements and delegations, and to conduct such union consultations as may be required.

I would like you to implement the reorganization by November 2, 1981. Please coordinate external notifications with Joe Fouchard and Carl Kammerer.

Enclosure:
As stated

cc: Commissioner Gilinsky
Commissioner Bradford
Commissioner Ahearne
Commissioner Roberts
SECY
OPA
OCA
OPE
OGC

XA Copy Has Been Sent to PDR

RECOMMENDED REORGANIZATIONAL CHANGE INVOLVING REACTOR REQUIREMENTS, NRC HEADQUARTERS, AND REGIONAL OFFICES

A. CONTROLLING GENERIC LICENSEE REQUIREMENTS

Formal NRC staff communications with licensees (bulletins, orders, generic letters, circulars, notices, rule changes, NUREGs, and Regulatory Guides) and informal communications by NRR and IE headquarters, Regional offices and resident inspectors are not subject to any central review and coordination. Similarly, requirements placed on licensees through these communications are not centrally reviewed and coordinated. As a result of this lack of central management, licensees often receive conflicting or inconsistent directives and requests from the NRC. Furthermore, requirements placed on licensees receive inadequate review and prioritization to ensure appropriate attention is given to those issues most important to safety. The July 1, 1981 survey conducted by IE outlines the range of problems caused by this situation.

It appears essential to develop means for controlling the number and nature of the requirements placed by NPC on licensees. The objectives of these controls are to eliminate the unnecessary burdens placed on licensees, reduce the exposure of workers to radiation in implementing

some of these requirements, and conserve NRC resources while at the same time not reducing the levels of protection of public health and safety. The controls should make sure that requirements issued (a) do in fact contribute effectively and significantly to the health and safety of the public, and (b) do lead to utilization of both NRC and licensee resources in as optimal a fashion as possible in the overall achievement of protection of public health and safety.

To this end, it is proposed that there be established a Generic Requirements Review Committee (GRRC) that has the responsibility to review and recommend to the EDO approval or disapproval of requirements to be imposed by the NRC staff on one or more classes of reactors. (The particular requirements to be controlled will be determined in accordance with Part D2 of this proposal.) This Committee shall be chaired by the Deputy Director occupying the newly formed position of DEDO for Regional Operations and Generic Requirements, and it shall consist of, in addition to the DEDO, one representative each from NRR, IE, NMSS, Research, AEOD and ELD, appointed by the EDO. The office of the DEDO will provide staff

support. The Generic Requirements Review Committee may use several non-NRC persons as consultants in special technical areas.

In reaching its recommendation, the GRRC shall consult with the proposing office to ensure that the reasons for the proposed requirement are well understood. If the GRRC recommends disapproval of a proposed requirement, it shall submit to the EDO a brief statement of the reasons for its recommendation. This statement shall provide a clear indication of the technical basis for the decision not to apply the requirement to individual reactors or classes of reactors.

To achieve the objectives stated above, the following operational guidance is provided:

1. For each proposed requirement, the proposing office is to identify the requirement as either Category 1 or 2.

   Category 1 requirements are those which the proposing office rates as urgent either to overcome a safety problem requiring immediate resolution or to comply with a legal requirement for

immediate or near-term compliance. Category 1 items are expected to be infrequent and few in number. Category 1 items are to be routinely approved or otherwise dealt with within 2 working days of receipt by the GRRC. If the appropriateness of designation as Category 1 is questioned by the GRRC and if the question is not resolved within the 2 working day limit, the proposed requirement is to be forwarded to the EDO for decision.

Category 2 requirements are those which do not meet the criteria for designation as Category 1. These are to be scrutinized carefully by the GRRC for approval or disapproval on the basis of written justification, which must be submitted by the proposing office along with the proposed requirements.

Tools used by the GRRC for scrutiny would be expected to include cost-benefit analysis and probabilistic risk assessment where data for its proper use are adequate. Therefore, to the extent possible, written justifications should be based on these evaluation techniques.

2. The Office of the DEDO will be staffed by 6 to 12 persons.

B. REDUCING BACKLOG OF OR LICENSING ACTIONS

In the recent OIA report on OR licensing actions, it was recommended that a specific functional unit be assigned the responsibility for reducing the backlog of such actions. It is clear that overt action is needed to clean up this backlog. Accordingly, the responsibility for overseeing the reduction of this backlog is assigned to the proposed new DEDO office.

To fulfill this responsibility, the DEDO is to establish an oversight unit within the office. Appropriate priorities and procedures shall be developed for reducing the backlog. The objective should be (1) to work off the backlog in a reasonably expeditious manner (much sooner than currently planned), and (2) to utilize staff resources as effectively as possible within the modest resources that can be made available for this purpose.

As part of this activity, a review of pending requirements should be conducted to develop prioritization based on

safety significance and cost which can form the basis for a backfitting policy.

C. ENLARGING THE ROLE OF REGIONAL OFFICES

Since Regional offices are the focus of NRC's interaction with licensees, the status of those offices must also be addressed. For the past year, the NRC has been attempting to expand the scope of functions of the Regional offices in order to create an agencywide regional operation which includes licensing as well as inspection and enforcement functions. In addition to facilitating better coordination of licensing, inspection, and enforcement interactions with licensees, this expanded regional concept will upgrade regional operation and locate more staff physically closer to the licensees. One critical step in this expanded regional concept involves transferring the Regional offices to a management control framework which will provide for balanced programmatic interaction with NRR, IE, and NMSS; i.e., a shift of management control from IE to the EDO. To accomplish this expanded central management, it is proposed to include responsibilities for such management in the office of the proposed new DEDO.

D. SUMMARY OF PROPOSED ORGANIZATION STRUCTURES AND RESPONSIBILITIES

1. A new position of Deputy EDO for Regional Operations and Generic Requirements will be established. The initial task of this office will be to develop the appropriate procedures and documents for implementing the following functions. Subsequent responsibilities will include a major role in managing communications with licensees and requirements put on licensees, as well as supporting the EDO's new management responsibilities for the Regions.

   a. Supporting the EDO's management, control, and tracking of generic communications with, and requirements placed on, one or more classes of reactor licensees.

   b. Overseeing the reduction of the current backlog of licensing actions and conducting a review to develop prioritization based on safety significance and cost which can form the basis for a backfitting policy.

   c. Supporting the EDO's managerial and supervisory responsibility for the Regions.

2. The first step in implementing this management control will involve a survey of the formal and informal mechanisms used to communicate with licensees. Next should follow the development and implementation of procedures for controlling those communications where significant requirements that cover one or more classes of reactors are involved. The results of this survey should be reported to the Commission and Commission approval of the general procedures obtained prior to implementation. These procedures would not impede interactions with licensees involving routine flow of information. In conjunction with developing these procedures, the DEDO for Regional Operations and Generic Requirements will also direct a review of requirements on licensees pending within the agency in order to develop an appropriate backfit policy. A monthly report on the recommendations of the GRRC shall be submitted to the Commission.

3. The position of Regional Administrator will be established for each of the Regional Offices, including the soon-to-be-created Regional Mill Tailings Office, and will report directly to the EDO. The Regional Administrators will have more of an agencywide focus than had been assigned to the Regional Directors. The Administrators will

have managerial and supervisory responsibilitiy for all functions and personnel assigned to the Regions.

4. The Headquarters Program Offices including IE headquarters will continue to have responsibility for developing the broad policies and guidance for regional programs. The Program Offices will work with the Regional staff to develop policies and guidance that can be applied uniformly across the Regions. The Program Offices will oversee the implementation and maintenance of the regionalized program areas.

The Program Offices will advise the EDO on whether the program areas are being performed uniformly among the Regions in a manner that is consistent with existing policy and guidance. This advice would be utilized in day-to-day EDO management decisions and annual SES performance evaluations.

E. REPORTING RELATIONSHIPS

It is important to emphasize the following principles under which the new Regional reporting relationships will operate. The Regional Administrators will report to and be under the supervision of the EDO. Headquarters Program Directors will be responsible for advising the

EDO on how effective the Regional Administrators are in carrying out the programs of their offices at the regional level. On routine program matters, Headquarters Program Directors and their principal managers are expected to communicate freely with their counterpart managers in the regions to provide program policy guidance and workload control and coordination. In those instances where there are programmatic disagreements between the Regional Administrator and a Headquarters Program Director, the EDO will be involved to resolve the issue. In those cases where the new DEDO can resolve it at that level, the DEDO should do so.

F. FUNCTIONS AND ACTIVITIES WHICH IE HEADQUARTERS WILL CONTINUE TO MANAGE

1. Oversight and control of NRC's enforcement activities to ensure appropriate implementation and uniformity throughout the regions.

2. Development of inspection policies and program requirements applied to reactors, vendors, fuel facilities and users of licensed materials.

3. Headquarters oversight of Regional inspection activities to ensure appropriate uniformity.

4. Evaluation of licensee events and generic problems.

5. Development of criteria and guidance for review of onsite emergency plans. Coordination with FEMA on development of offsite emergency planning criteria. In coordination with Regional offices, review and evaluation of emergency plans.

6. Development and maintenance of NRC's program for emergency response including operation of the NRC Operations Center.

7. Training of NRC inspectors and reactor technology training for other offices including the NRC Reactor Training Center in Chattanooga, Tennessee.