

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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30TH ANNUAL REGULATORY INFORMATION CONFERENCE

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TECHNICAL SESSION 5

TRANSFORMATION AT THE NRC

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TUESDAY

MARCH 13, 2018

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The Regulatory Information Conference met
in the Grand Ballroom at the Marriott Hotel and
Conference Center, 5701 Marinelli Road, Rockville,
Maryland, at 1:31 p.m., Lance Rakovan, facilitating.

TECHNICAL SESSION PARTICIPANTS PRESENT

LANCE RAKOVAN, Facilitator, NMSS

RICHARD CHANG, Facilitator, NMSS

DAN DORMAN, Team Leader, Transformation Team, OEDO

ROBERT LEE GLADNEY, Facilitator, NMSS

ANDREA KOCK, Deputy Team Leader, Transformation Team,
NMSS

RUTHANNE MURRAY, Facilitator, NRR

PUBLIC PARTICIPANTS

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

MR. RAKOVAN: Good afternoon, everyone. Welcome to the 2018 RIC session involving transformation at the NRC. My name is Lance Rakovan, and I, along with my associates Lee Gladney, Richard Chang, and Ruthanne Murray, will be facilitators for this discussion.

We would like to receive and understand as many viewpoints as we can during the session, so we will be doing our best to make sure that everyone who wants to participate has a chance to express their views without concern as to how those views will be received. We appreciate your assistance in accomplishing that goal.

The purpose of this session is to provide information on the current status and future direction of the NRC's efforts to identify potential transformative changes to further enhance the NRC's agility, efficiency, and effectiveness to enable the safe use of new and novel technologies. Additionally, we will provide an opportunity for you to share your perspectives on this important initiative.

Our agenda today is quite simple. We'll start with a brief overview of the initiative, and then

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1 open the floor to questions and comments. Please keep
2 in mind that getting some time at the microphone is not
3 the only way to provide your input on these issues.

4 You can provide your suggestions for
5 transformation using the comment cards that are on
6 chairs in the room, and by sending an email to
7 transformation.resource@nrc.gov, that's
8 transformation.resource@nrc.gov.

9 However, to ensure that your suggestions
10 are fully captured, we do encourage you to send an
11 email. The team will be collecting input by the end,
12 or until the end of the RIC, Thursday, March 16. We
13 do not intend to respond to all the feedback we receive
14 during this meeting, but will review it and consider
15 it as we continue our work on this initiative.

16 Oh, and please note that the comment cards
17 will be collected. We will not be reading from the
18 comment cards during this session.

19 Given the number of potential speakers
20 present today, we'll be taking some steps to limit the
21 amount of time a given speaker has at the microphone
22 to a couple minutes. To ensure fairness with time,
23 each speaker will be given approximately three minutes.

24 Cards showing two minutes, one minute, and
25 time will be held up for the speaker just to let them

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1 know where they are in terms of timing. We ask that you
2 help us in keeping things moving to give as many people
3 a chance to speak today as possible.

4 Please be aware that we are recording
5 today's session, and there's a few things you can do to
6 help us minimize distractions and keep the discussions
7 focused. First, if you're going to participate in a
8 discussion, please make sure you use a microphone. We
9 have a couple microphones that we're going to be using
10 up the center aisle for speakers.

11 When you do make a comment, please try to
12 give us your name and any organization you represent so
13 folks who are participating today know who's speaking.
14 Also, let's try to keep only one main conversation going
15 at one time. Please try to keep side discussions to a
16 minimum or step outside.

17 And also, if you have any electronic
18 devices on you, if you could turn those off or silence
19 them at this point, we'd appreciate that as well.

20 And let's remember again that we are here
21 to discuss these issues. There's a good chance you're
22 not going to agree 100% with everyone else's opinions,
23 and that's okay. We ask that when someone has the
24 floor, please give them the respect that you yourself
25 would like.

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1 In the event of an emergency, we've got the
2 doors at the back, and then I believe you can head to
3 either the right or the left to proceed.

4 So having said all that, I'd like to
5 introduce Dan Dorman. Dan is a Deputy Executive
6 Director for Operations at the Nuclear Regulatory
7 Commission and the lead for this initiative. Dan.

8 MR. DORMAN: Thank you, Lance. Good
9 afternoon, everyone, and I'd like to add my welcome to
10 this 30th Regulatory Information Conference.

11 I'm going to briefly go through an overview
12 of what the task is that's been given to the
13 Transformation Team and where we are in that process and
14 key up some of the themes that we're pondering based on
15 the feedback that we've gotten so far.

16 And then I'm going to invite you to share
17 with us your views on are we looking at the themes, or
18 is there something else we should be looking at. What
19 are the impacts or the benefits if we pursue
20 transformation in these areas, and maybe what obstacles
21 you might see that we need to anticipate and be prepared
22 to overcome.

23 So on January 25th of this year, our EDO,
24 Vic McCree, chartered a group of NRC staff to explore
25 possibilities for transformative change in our

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1 organizational culture and regulatory framework that
2 may enable the safe use of new or novel technology in
3 nuclear applications.

4 In this session, we'll give you the
5 overview of the efforts to date, and in particular the
6 themes that are developing from our
7 information-gathering.

8 But more importantly for this session, the
9 team is looking to hear from you your impression of these
10 themes. Are they the right areas? Are there other
11 areas that you think would be more important for us to
12 consider? What would be the impacts of
13 transformational change in these areas? What
14 obstacles do you see to achieving transformation in
15 these areas?

16 We want to do this to enhance the NRC's
17 safety mission effectiveness, but what mission risks
18 should we watch out for? So in a few minutes, I'll give
19 you the floor. But first, why transformation?

20 We all know that technology is changing
21 faster than we can keep up. Think about a decade ago,
22 when smartphones didn't exist, or merely 25 years ago,
23 when very few of us even had cellphones. The pace of
24 technological change is accelerating.

25 As the quote that you see there, Vic McCree

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1 used in his speech this morning also, the Chief
2 Executive Officer of General Motors saying that we're
3 in the midst of seeing more change in the next five years
4 than we've seen in the previous 50.

5 So think about the amount of technology
6 change, then, that could occur over the next 50 years.
7 In terms of changes in the automobile industry, barely
8 a century ago, we got rid of the horse, now we're getting
9 rid of the driver.

10 There have been and will be similar
11 advances in technology applicable to nuclear
12 applications. And while the NRC does not promote or
13 facilitate development of new technologies, when and if
14 they arrive, we must have a regulatory structure that
15 is able to effectively, efficiently, and agilely
16 regulate them as appropriate, consistent with our
17 safety and security mission and our principles of good
18 regulation.

19 Specifically, the principle of efficiency,
20 which states that the American taxpayer is entitled to
21 the best possible management and administration of
22 regulatory activities. But also the principles of
23 clarity and reliability are essential to applicants and
24 licensees who want confidence in a clear and consistent
25 regulatory approach.

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1 We cannot be an efficient and effective
2 regulator unless we are continuously upgrading our
3 regulatory capabilities to address the changing
4 technologies. NRC's regulations have effectively
5 protected people and the environment, and in that regard
6 have served the country well. They have and will
7 continue to assure safety and security.

8 In some cases, NRC regulations, however,
9 were written to be technology-specific, and do not
10 easily accommodate new technologies, such as advanced
11 reactors, and not-so-new technologies, as we heard this
12 morning, such as digital instrumentation and control.

13 It is our responsibility to ensure that our
14 regulations continue to provide the same level of safety
15 in a manner that accommodates the new technologies.
16 What's more, we want to ensure that our regulatory
17 framework does not present a barrier to safety
18 enhancements.

19 This is an important step to continue to be
20 a relevant and modern regulator in the future. NRC is
21 fully invested in this effort to transform our
22 regulatory structure where needed to accommodate the
23 safe use of new technologies. And I'm confident that
24 we will be successful. We have the technical expertise
25 needed to fulfill our safety mission. We have a highly

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1 motivated and competent staff.

2 Our vision is that this agency enable,
3 rather than be a barrier to, new technologies that
4 continue to meet our safety standards, so that we can
5 continue to be a modern, effective regulator.

6 This statement, that the nuclear industry
7 has indicated plans to introduce new and novel
8 technologies, and because the use of such new nuclear
9 technologies would challenge our current regulatory
10 framework, we must not only innovate, but also identify
11 and implement transformative change is a quote from our
12 tasking memo from Vic McCree. And it summarizes the why
13 we transform that I've just discussed.

14 So let me talk a little bit about what we
15 mean by transformation. We at the NRC are defining
16 transformation as a fundamental change, or fulfilling
17 our mission in a different way under a different
18 paradigm. We've talked within the team about
19 approaching an area of our regulations with a clean
20 sheet of paper.

21 Examples of transformation are the change
22 in the business model brought about by Amazon in the area
23 of electronic commerce. As Vic mentioned this morning,
24 for us at the NRC, the development of Part 52 for
25 licensing new reactors and the changes to the reactor

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1 oversight process about 20 years ago are examples where
2 we have had transformational change.

3 We anticipate that the areas where we
4 transform our regulatory framework will more fully
5 align us with our principles of good regulations and
6 will enhance our effectiveness, efficiency, and
7 agility.

8 Also its important to understand what is
9 transformation and what it's not. This initiative has
10 no intent to change our mission in any way. We will
11 continue to fulfill our mission to protect public health
12 and safety and the environment.

13 It's distinct in our parlance from
14 innovation. Innovation is an incremental change, or a
15 better way of doing what we currently do. Examples of
16 innovation would be earbuds instead of headphones. Or,
17 for the NRC, Project Aim, or streamlining the
18 concurrence process would be examples of innovation or
19 incremental change.

20 Innovation and transformation both benefit
21 the Agency, and both are needed. One does not supplant
22 the other. NRC has established innovation forums
23 throughout the Agency to promote a continuous
24 improvement culture.

25 Innovation for us means incremental

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1 changes that improve our way of doing business, and
2 innovation is essential to the health of the Agency and
3 our mission effectiveness. But from time to time, a
4 more fundamental change is needed.

5 And finally, this transformation
6 initiative is not a short-lived effort that will pass
7 with time. Although our project task time is only 90
8 days, the effort is intended to engender a sustained
9 shift in the Agency's mindset to be more open to better
10 ways to fulfill our mission.

11 We are committed to making the
12 transformative changes needed to enable new
13 technologies, consistent with our mission and our
14 principles.

15 As mentioned earlier, Vic McCree issued the
16 memo to form the team at the end of January. The team
17 members represent multiple offices across the Agency,
18 as well as wide diversity of our staff with different
19 skills and experiences. The tasking memo emphasized
20 the need for a paradigm shift in our regulatory
21 structure and processes to address the development of
22 new nuclear technologies.

23 The Transformation Team was tasked with
24 identifying potential transformative changes to the
25 NRC's regulatory framework, culture, and

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1 infrastructure to further enhance our effectiveness,
2 efficiency, and agility. The four bullets on this
3 slide are the specific taskings in our memo.

4 In addition to the specific areas to
5 consider for transformative change, the team will
6 identify strategies to enhance and sustain the
7 transformative culture throughout the Agency. As I
8 mentioned, we have a 90-day task time, and given this
9 short timeline the intent of our effort is not to
10 implement transformational initiatives, but to
11 recommend ideas for transformative changes.

12 We have been out gathering insights and
13 ideas, and after this week, we will begin to shape those
14 ideas into actionable recommendations, which we expect
15 to provide to the Commission in May.

16 The tasking memo, as well as a previous memo
17 from the Executive Director to the NRC staff on January
18 4, which you can find those two memos together in ADAMS,
19 identified the primary focus of the team's efforts as
20 changes to our regulatory framework to accommodate new
21 technologies.

22 Specific areas of consideration included
23 in our tasking memo are listed on this slide. The team
24 has engaged internal and external stakeholders in these
25 areas directly to solicit input on the development of

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1 transformative ideas.

2 We've also conducted outreach more broadly
3 to solicit input on transformative ideas that support
4 the development of safe new technologies in other areas,
5 and in addition we are considering strategies to enhance
6 and sustain a transformative organizational culture.

7 The Transformation Team has conducted many
8 outreach efforts, both internally and externally. We
9 have received over 500 ideas from within the NRC, and
10 have explored best practices with diverse external
11 stakeholders, including other federal agencies,
12 nongovernmental organizations, and private sector
13 entities.

14 Here we get to the hub of the matter. This
15 slide shows some of the main themes that we have heard
16 in our outreach to date. I want to emphasize that these
17 are themes that we've developed from ideas that we've
18 received. And they need further development before
19 they become actionable, recommended initiatives.

20 So in a few minutes when I wrap up, I will
21 invite your thoughts on these themes, or any other ideas
22 for transformation at the NRC.

23 The most prominent theme we've heard is the
24 need for consistent and expanded use of qualitative and
25 quantitative risk insights in licensing decisions. As

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1 most of you are aware, the NRC has applied risk insights
2 to its decisions for many years. There are several
3 existing Commission policy statements that encourage
4 the use of risk insights.

5 However, a structured approach to the
6 licensing decisionmaking process has not been
7 established and consistently applied, and there is
8 little guidance for the staff on how to apply these
9 concepts to the scope of a regulatory review and to
10 regulatory decisions.

11 Qualitative risk considerations are not
12 uniformly used to inform the scope of our reviews. And
13 the feedback the team has received to date suggests that
14 it may be warranted to expand the use of risk-informed
15 decisionmaking, including the use of existing prior
16 approvals or reviews to focus the scope of our reviews
17 going forward.

18 We have also heard an interest in accepting
19 more uncertainty for inherently safer technologies.
20 The suggestion is that these concepts would help the NRC
21 staff to provide its regulatory conclusions with
22 clearer context of overall risk.

23 A second theme is the potential for more
24 flexibility for licensees to make more non-risk
25 significant changes to their licensing bases without

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1 prior NRC approval.

2 A third theme is the need for timely
3 resolution to challenges associated with new or novel
4 technologies, especially digital instrumentation and
5 controls, accident-tolerant fuels, and advanced
6 reactors.

7 And with respect to specific technical
8 areas, some broad themes include the need for
9 higher-level, more performance-based, and less
10 prescriptive regulations, and support for incremental
11 or early involvement in design reviews.

12 At the bottom of the slide you see some of
13 the things that we're pondering with relation to the
14 organizational culture, both in terms of the ongoing
15 culture of the Agency, but also issues that may need to
16 be considered to ensure the success of any initiatives
17 that we recommend to the Commission.

18 So as I mentioned previously, during this
19 session, we would like to receive your feedback on these
20 themes, by addressing these questions in particular.
21 What are the most important areas for us to tackle? Is
22 it the things that were on that previous slide, or is
23 there something else that you think we need to be focused
24 on?

25 How should we transform in these areas, or

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1 another area that you have an interest? What obstacles
2 should we anticipate for the process of implementing the
3 transformation? And how would this transformation be
4 beneficial?

5 So as Lance noted, there are several ways
6 that you can provide us ideas. We have about an hour
7 and 15 minutes here to hear from you. We will have
8 hand-held mics in the aisle, you can come up to a
9 microphone. And again, we can't get everybody here in
10 an hour and 15 minutes, so we'd ask you to be concise
11 on your points.

12 But you can also fill out one of the cards
13 on your seat, and obviously there's limited space on
14 those. But we'll be collecting those cards, and those
15 cards will be considered by the team as we refine these
16 themes.

17 And then finally, if you want to submit a
18 more substantive input to us, this email address,
19 transformation.resource@nrc.gov, is available for you
20 to send us any thoughts that you want to share with the
21 Transformation Team.

22 If we get your email by the end of Thursday,
23 I can assure you that we will consider it as we are
24 developing our recommendations. Anything we get after
25 Thursday, we do have a very limited time to bring this

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1 to a set of actionable ideas. So anything beyond that
2 time we will consider to the extent that we can.

3 So this concludes my overview. The team
4 members are sprinkled here among the audience. I want
5 to also introduce Ms. Andrea Kock who is the deputy team
6 leader for this effort. And we, the team, are very much
7 looking forward to your thoughts.

8 And so now I'll turn it back to Lance to
9 guide us through the conversation.

10 MR. RAKOVAN: Okay, thank you, Dan. So as
11 Dan I were talking before the session, and he was looking
12 at everyone coming in and saying, I hope they're not
13 coming in expecting to hear me talk the entire time,
14 because we're really here to listen to you. And that's
15 the main reason that we wanted to have this session,
16 because we are seeking to get input in terms of how the
17 NRC should transform.

18 Dan went over a couple of the ideas, but
19 again, we're looking to get some input, you know, are
20 we on the right track. Do we have some ideas that you
21 have that we should consider? So I've got Richard Chang
22 here in the front. We're going to kind of do a zone
23 defense, if you will. We've got Ruthanne in the back.

24 So what we're hoping to do is that you'll
25 approach one of them and take a little bit of time at

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1 the mic. Ask a question, give a comment, give us some
2 ideas. We want to benefit from having you attend the
3 session and to get the ideas and thoughts that you may
4 have.

5 So I guess the real question is who's brave
6 enough to go first? Who's feeling bold today, come on?
7 Got the ideas up here on the screen. These are the ones
8 that the team has kind of come up with at this point.
9 After this we can move on to the questions as well, just
10 to kind of circulate.

11 But again, and once you start with the
12 microphone, if you could introduce yourself and any
13 group that you're with. Please.

14 MR. DOLLEY: Thank you. Steven Dolley
15 with S&P Global Platts. I edit our newsletter, Inside
16 NRC. I don't have a horse in this race, so I guess it's
17 safe for me to start out.

18 I'm not entirely seeing the difference
19 between innovation and transformation. I look at this
20 list, I've been doing this about 14, 15 years, and it
21 seems like I've heard almost all of this before. Can
22 you tell us, you know, we have the risk-informed policy
23 statement going back more than 20 years, we have Project
24 Aim making the Agency more efficient, agile, pick your
25 adjective.

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1 How is this transformative initiative
2 different than the numerous other transformative
3 initiatives we've seen over the years?

4 MR. DORMAN: Thanks, Steve. It's a great
5 question, and it's one of the things that the team is
6 looking at on any of these themes is, is it truly
7 transformational.

8 I think probably the best example that
9 we're chewing on that I would say is the most
10 transformational would be in the area of digital
11 instrumentation and controls. It was mentioned this
12 morning that we've gone out and talked to a number of
13 other agencies, naval reactors, FAA, FDA, about how they
14 license digital technologies in their applications.

15 And they, just very broadly, are setting
16 requirements at a much higher level than the level of
17 detail involved in IEEE 603-1991, which is the endorsed
18 standard in the Commission's regulations.

19 So as was mentioned this morning, there's
20 been ongoing efforts, there was an effort late in the
21 last decade to try and straighten out the licensing and
22 digital I&C, and now we've got another effort trying to
23 do that. And those efforts are incremental within the
24 existing framework.

25 I think what we're looking at as a potential

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1 area of transformation would be a clean sheet of paper,
2 a new set of standards starting at a higher level and
3 looking at a different oversight paradigm to achieve
4 approval of digital I&C systems.

5 So I think that's a good example of a clean
6 sheet of paper. I think some of the things we're
7 chewing on in the risk-informed licensing realm,
8 they're evolutionary in the sense that we've been on a
9 journey for 40 years on risk-informed licensing. I
10 think we're very good at doing extensive detailed
11 reviews of applications that are predicated on detailed
12 risk models.

13 I think what we're exploring here, one of
14 the things we're exploring here is how do we use risk
15 insights at the front end of a licensing review to
16 identify the risk-significant components of the review
17 and define the scope of the review differently than what
18 we've done heretofore.

19 So it's a different paradigm in terms of how
20 we would approach a licensing review to support the
21 conclusions of reasonable assurance of adequate
22 protection. So I think there are certainly areas
23 within these themes that would be innovative within the
24 definition that we're using. We're exploring what are
25 the things that would be truly transformational.

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1 MR. RAKOVAN: Real quick follow.

2 MR. NESBIT: Steve Nesbit with Duke
3 Energy.

4 MR. RAKOVAN: Ruthanne, hold on. We have
5 a followup real quick. Sorry.

6 MR. DOLLEY: Just real quickly again.
7 Steve Dolley again. That sounds very similar to what
8 Commissioner Apostolakis's task force proposed several
9 years ago. So there might be some lessons learned
10 there.

11 MR. DORMAN: Thanks.

12 MR. RAKOVAN: Okay, sorry. Ruthanne,
13 please.

14 MR. NESBIT: Steve Nesbit with Duke
15 Energy. Actually, mine's kind of a question. I saw
16 that one of the areas you have listed was big data, and
17 I'm having a problem understanding the nexus between big
18 data and transformational change. Maybe you can
19 explain a little further how that works.

20 MR. DORMAN: Sure. Couple of things.
21 First off, big data is in here because it was one of the
22 areas that we were specifically tasked to look at, here
23 on this slide, the last bullet there.

24 And we're aware, broadly, of interest of
25 utilities to use big data methods in their plants to use

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1 system performance data to manage, for example,
2 maintenance cycles. Not really clear that there's a
3 regulatory nexus there. Potentially somewhere down
4 the road, I could conceive of it getting into areas that
5 maybe big data is used to justify intervals that might
6 impinge on maintenance rule thoughts or something like
7 that.

8 We haven't really seen a lot. You don't
9 see big data popping up in our themes because we really
10 haven't seen a lot for us in terms of our regulatory
11 framework. We have had some discussion internal to the
12 Agency of how we could use big data methods to search
13 our information systems, for example, as part of
14 inspector sample selection.

15 But that's not something that has risen up
16 to our themes as something within our regulatory
17 framework that we see an opportunity right now for a
18 transformational initiative.

19 MR. RAKOVAN: Okay. Please, if you could,
20 yeah. You want to head over to her, Richard, thank you.

21 MS. PLOSKINA: Hi, Jennifer Ploskina with
22 Empyrean Services. Just a suggestion. I'm new to the
23 industry, but power, a longtime power industry person.
24 Looking at it, almost stepping back and thinking about
25 what your purpose is and bringing in the right, or not

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1 even the right, a diverse set of thoughts and people,
2 that might help you be more transformative versus
3 innovative.

4 So you might get people without nuclear
5 engineering degrees, or you know, people in different
6 sectors that could help bring some really fresh ideas
7 to the table. Just a suggestion.

8 MR. DORMAN: Okay, thank you.

9 MR. RAKOVAN: Okay, I think we have a
10 question or comment in the back half, in a minute.

11 MR. PATRICK: Wes Patrick, CNWRA.
12 Semantics aside, whether it's transformation,
13 innovation or whatever, the biggest issue I think is
14 that of change and change management. And frankly,
15 most organizations that I've been a part of over the
16 years, management makes change sufficiently difficult
17 that it is impossible to implement.

18 And I just I guess both encourage you to try
19 to deal with that. I think it fits under your last
20 bullet of culture, developing a culture of a willingness
21 to implement a change, no matter how small or large it
22 may be.

23 MR. DORMAN: Yeah, thanks, Wes. I think
24 that's critically important for two parts of our
25 initiative. I think if we, if I can find the tasking

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1 bullets. So the first one there is related to overall
2 the culture of the Agency to support change in general.

3 And Vic talked this morning about his three
4 pillars, and one of the pillars was transformation and
5 innovation. One of them was the leadership vision and
6 model. And that's an area where we're exploring ideas
7 about being more open to new ideas and less averse to
8 enterprise risk in implementing new ideas as kind of
9 catalysts, if you will, for a more change-oriented
10 culture.

11 And then the third bullet here is related
12 to how we would implement a particular initiative and
13 how we would enhance the likelihood of success of such
14 an initiative. And certainly the effective use of
15 change management tools is going to be key to any of
16 these change initiatives.

17 But I think the key to the notion that this
18 is not a short-lived activity for the NRC is bringing
19 about that broader perspective of an openness to change.
20 Which is, frankly, we can easily relax into a mode where
21 we take the reliability principle of good regulation to
22 mean we're resistant to change, and that's what a good
23 regulator is.

24 But as you heard from some of the
25 Commissioners this morning, our regulations, just

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1 because they were the right regulation at the time they
2 were put into place, as the technology evolves, as the
3 performance of industry evolves, we need to be ready to
4 adapt that and be open to change all the time. So thanks
5 for that.

6 MS. KOCK: I just want to put an additional
7 plug in for Wes's comment. So we have reached out
8 internal to the Agency and extensively outside the
9 Agency to look for just what Wes is talking about, how
10 can we embrace and sustain a culture that supports
11 transformation.

12 And so we've gone to some other companies
13 where they've had success and got some ideas. But part
14 of what we'd like to hear from you is if you have ideas
15 along what Wes is talking about, about the followup to
16 this, which is going to be especially crucial to our
17 work, we would be very interested in hearing that.

18 MR. RAKOVAN: Let's get started with
19 Richard and then go to Ruthanne. Richard.

20 MR. MEIER: Good afternoon, this Mike
21 Meier, Southern Company. First, I want to say we
22 applaud this effort of transformation, we think this is
23 very important and very needed.

24 Also, I want to point out when any
25 organization changes like this, it's obviously going to

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1 be difficult to change people's level of thinking, to
2 really shift the culture that's been embedded for so
3 long. Many of these organizations bring out people
4 from the outside just to challenge the level of
5 thinking, sometimes we can't see it ourselves.

6 I know you're getting input from external
7 stakeholders, which is good. But are you bringing
8 somebody outside to work with the NRC on what changes
9 you should make?

10 MR. DORMAN: I think this is part of that.
11 But I take your question are we bringing in somebody
12 under contract to help guide our process. And we have
13 not done that with this team. But as Andrea indicated,
14 we've been going out and talking not just to people who
15 are in our business, but people outside our business.

16 You know, one of the organizations that the
17 team went and talked to was an organization called DIUX,
18 which is a part of keeping the Department of Defense on
19 the cutting edge of what's going on in the IT world. And
20 so they are, compared to us, you know, we're the
21 dinosaurs of innovation and they're the cutting edge of
22 it.

23 So that's an example of people that we're
24 trying to help us get outside the box of our own
25 thinking, both in terms of what we need to do to move

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1 the culture, but also in terms of thoughts about what
2 areas we might need to change.

3 MS. KOCK: I'll just add onto that as well.
4 That's an idea that we've heard, you know. We've heard
5 about the need to look outward, bring in diversity of
6 views. We had one idea, you know, send some of our staff
7 to some of these companies that have been successful in
8 innovation to bring back ideas. So we're processing
9 all that.

10 But to the extent that you have ideas on how
11 to integrate that diversity of thought. I mean, you
12 could say hire new people, okay. Or is there a way that
13 you could think of where we could integrate that
14 diversity of thought into our process within our current
15 infrastructure. Any ideas you have along that would be
16 very helpful.

17 MR. RAKOVAN: Back of the room please.

18 MR. GRANTOM: Hi, I'm Ray Grantom,
19 independent now but I was with South Texas Project for
20 many years. I started my risk career in 1982. So I've
21 seen the entire breadth of risk-informed work and not
22 work. We solved many of these risk-informed problems
23 that you're currently dealing with, because we've now
24 gone and reinvented the wheel again.

25 And in many times in my experience, I've

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1 seen a well-thought-out, good technical risk-informed
2 solution held up many, many years by lack of getting a
3 finished review. And I would contend to you that that's
4 really one of the areas in terms of the changed
5 management issue that you've heard before. And also in
6 terms of how one manages through things like DPO
7 processes.

8 Because it only takes one person to hold you
9 up for seven years. And those are the frustrations that
10 you feel. Because we feel like we have good PRAs, we
11 have processes to make certain they're continued well,
12 and it doesn't look like that intelligence capital that
13 we have worked on for, well, since '82 and longer, has
14 been fully leveraged and utilized by the NRC internally
15 to increase efficiencies.

16 So I'm curious in a sense, and along with
17 the change management, how are you going to look at the
18 existing capabilities and processes and innovations
19 that we've done in the risk world to improve the Agency
20 and meet your objectives.

21 MR. DORMAN: Thanks, Rick. The third
22 bullet on this slide I think touches a little bit on one
23 of the areas that you touched on, and this is the timely
24 resolutions to challenges. And that's not necessarily
25 just associated with new technology. You know, you

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1 shared your frustration with things getting tied up. I
2 think one of the Commissioners this morning talked about
3 paralysis by analysis.

4 But like also getting tied up with
5 resolving differing views on an issue. So one of the
6 things that we've been talking to other organizations
7 about is how do you break through things like that.
8 Keeping consistent with our values of respect and
9 cooperation, how do we break through those issues and
10 get to resolution without dragging it on like that.

11 So if anybody, again, if anybody has
12 experiences that have been successful there, we're
13 always happy to hear them.

14 MR. RAKOVAN: Okay, front of the room and
15 then back.

16 MR. REESE: Hi Dan, Andrea. Terry Reese,
17 Southern Nuclear. Hey, looking at your themes and your
18 tasking from Vic, it seems focused on, very much focused
19 on licensing and change. But what about oversight?
20 You know, we're now 19 years into the ROP, it's served
21 us well. But after 19 years, are we asking ourselves
22 the question, is it still the right model for today's
23 operating fleet?

24 MR. DORMAN: Yes. And so I think that is
25 a question I'll leverage to reinforce that we're talking

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1 and we're focused on the transformation side, but the
2 innovation side is just as critical. And yes, there are
3 people asking questions about the ROP and are there ways
4 that we can adjust the ROP.

5 I don't think, you know, when we developed
6 the ROP, as you well know, that was a clean sheet of paper
7 look at the oversight process. I think the questions
8 people are asking right now are I would say more
9 incremental adjustments to the oversight process.
10 Some of them are bigger than others, but they are still
11 essentially changes to the oversight process.

12 And so there are, those questions are being
13 asked, it's just not something that is within our scope,
14 I think we've gotten a few ideas along those lines, but
15 with our tasking being focused on new and novel
16 technology, I think that's probably what's kept the
17 numbers down in terms of ROP.

18 But there is a certain amount of energy I
19 would say throughout the staff on areas that we can do
20 that better.

21 MR. ROSKO: Hi, Bill Rosko with Rolls
22 Royce. And my comment deals with digital I&C. I heard
23 a lot about benchmarking US industries in aerospace and
24 whatnot, and that's terrific. Have you considered
25 benchmarking successful international utilities who've

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1 done digital upgrades, and the relationship between the
2 vendors, the regulators, and the OEMs, and how they've
3 progressed?

4 We seem to be, excuse me, stuck in the mud
5 here in the US. And I have folks come in from
6 internationally, and they're sort of amazed as to how
7 we're caught in a quagmire here in the US, and yet, you
8 know, places like France are in their fourth generation
9 of safety digital upgrades. So you might want to
10 consider something like that.

11 MR. DORMAN: Thanks, Bill. That's a great
12 suggestion. We are meeting with some of our regulatory
13 counterparts this week, but I take your point that,
14 assuming we go forward with an initiative like in this
15 area, that benchmarking with international vendors and
16 utilities would be another useful insight. Thanks.

17 MR. GRANTOM: Dan, thanks for the comment
18 that you made to my response. I just wanted to add a
19 little bit of additional information.

20 We've even gone through the process of
21 where we've had SERs, approved methods, and then another
22 utility, you know, tries to do the same thing, and now
23 we've had to reinvent the wheel again where we have to
24 go back and re-approve a method that has been approved.

25 And that has caused a lot of frustration.

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1 And I would invite you to do one thing. If you look at
2 the categorization that was done in 50.69, you know all
3 of the components and functions that are really
4 important. And if you can pull that thread through the
5 organization, I think that you'll find a lot of these
6 efficiencies that you're talking about.

7 I lived this at South Texas and saw that
8 kind of thing happen to the organization. So I would
9 invite you to look at that kind of a tool there to give
10 you the information that might help.

11 MR. DORMAN: Okay, thanks, Rick. And I
12 think what I'm hearing is what I would say is in the bin
13 of the fourth sub-bullet of the first bullet of
14 leveraging existing reviews. And I don't think we are
15 as efficient or effective as we can be in that.

16 But I take your last word there as develop
17 tools to identify those prior reviews so that we can be
18 more consistent in identifying them to leverage them.

19 MS. KOCK: I'll just add a little bit to
20 that. Regarding the concept of using 50.69 or some
21 process to kind of categorize work. It's interesting
22 that we have heard from several of the government
23 agencies that they have some system like that.

24 So it is something we're thinking about.
25 And again, if you have specific suggestions of what that

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1 might look like or examples that have been used in other
2 organizations that could help us think through that,
3 that'd be very helpful.

4 MR. RAKOVAN: Okay, get the front and then
5 the back.

6 MR. REMER: Jason Remer, NEI. Again,
7 thanks for doing this. My question involves the energy
8 and the forcing function to keep this going and really
9 do it. Most of the transformation that's happened in
10 the industry is because of severe market pressure,
11 collapse of prices. People had to figure out a
12 different way to do it because it was their business.

13 How are we going to make sure that this
14 thing really goes this time and we don't get caught in
15 the Groundhog Day? Because it's a worthy endeavor, but
16 what's going to give us the energy to make this happen
17 this time?

18 MR. DORMAN: So good, we're keeping the
19 movie references going. Yes, so thanks for that,
20 Jason. And I think that falls under the part of our
21 initiative that's looking at what's going to ensure the
22 success of the initiatives. And there's a lot of
23 literature on transformational efforts and the
24 importance of identifying the burning platform again.

25 So for you guys, the burning platform is

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1 your market conditions. I will say when we went out to
2 the NRC staff to solicit for participants in this team,
3 we were inundated with the response. There is a lot of
4 energy within the staff. I think there is frustration
5 within the staff with some parts of our process, and a
6 passion to move forward. I can tell you there's a
7 tremendous amount of passion on this team.

8 So I think that's an important part of it.
9 I think building the broad support for the initiatives,
10 which is something we'll be working on over the next six
11 to seven weeks within the Agency, working with the
12 management teams, working with the staff to build
13 alignment around, these are important things to do and
14 we need to do them in an expeditious manner.

15 All the way up to the support of the
16 Commission, which is ultimately the product that Vic has
17 asked us to produce, is a proposal to the Commission and
18 get their endorsement for it. And so that I think will
19 help move us along the path.

20 Then I think that's the other piece of the
21 tasking, is what are the things we need to do to sustain
22 that momentum and not get mired in the details of working
23 out the transformation initiative.

24 And I think that's going to need continued
25 leadership focus and continued just shining a light on

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1 this is going to have to continue to be a high priority
2 for the Agency. Whatever initiatives that we propose
3 that the Commission endorses is going to need a
4 continued high priority for the Agency and leadership
5 alignment to continue to move it forward, so.

6 MS. KOCK: There's a bullet there under
7 culture, the second to last one, it says organizational
8 focus. It's pretty amorphous, the words there. But
9 really what that means is we've heard from different
10 organizations what has been successful in sustaining
11 what we will start. And there's different models out
12 there that have varying levels of success.

13 Some organizations have set up a separate
14 organization just to focus on transformation. Some
15 organizations may have one individual as a focus.
16 Other organizations don't have that and maybe it's just
17 a leadership model.

18 So again, part of what we'd like to hear
19 from you is what has been successful, because this is
20 going to be a critical piece moving forward. And that's
21 what that bullet meant.

22 MR. RAKOVAN: Okay, back of the room.

23 MR. CLARK: Yeah, my name is Sean Clark
24 with AMMI Risk Solutions. Transformation and
25 innovation are a great thing in and of themselves.

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1 However, left to themselves, they can also create chaos,
2 okay.

3 Without a proper focus, without a sense of
4 what you're working on, the priority of those items,
5 scheduling deliverables, all those things, and how they
6 affect the people who are here, especially the
7 utilities.

8 Can you talk to how you're focusing your
9 efforts so they don't just become an exercise in
10 transformation and innovation, but in fact really are
11 solving things that are plaguing this industry.

12 MR. DORMAN: Yeah, thanks for that. Yeah,
13 we have not been spending a lot of time on that for the
14 last six weeks, because we're really in the storming
15 phase of the project and really just looking to take in
16 as much as we can.

17 We have been, I mentioned there's over 500
18 ideas we've gotten from the staff. So the team has
19 been, the team early on established a set of criteria
20 for evaluating these ideas and prioritizing them on
21 their transformational nature, the impact they would
22 have, the benefit, the complexity, whether this is the
23 right time in the process for a transformation.

24 So that's been kind of the prioritizing
25 piece of it. I think over the next six to seven weeks,

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1 as we look to translate these ideas into themes and then
2 into actionable initiatives, we'll be looking at some
3 of the exact things that you just talked about, is like
4 what's a reasonable time frame to accomplish this.
5 What's the benefit of accomplishing this? What are the
6 measures?

7 You know, if we pursue this initiative, how
8 are we going to measure the success of this initiative?
9 What is the impact going to be to the NRC, what's the
10 impact going to be to the licensee community from this
11 initiative? So those are the kind of things that we
12 will be focusing on as we develop these into actionable
13 initiatives.

14 MR. FERRANTE: Fernando Ferrante with
15 EPRI. Speaking of Groundhog Day, I think we could
16 probably mention more risk-informed initiatives in the
17 past in movies that have essentially failed or haven't
18 gone far enough. Just to mention one, the near term
19 task force recommendation one, which was the one that
20 was driving really the ideas behind all the others, was
21 one that never really went anywhere.

22 And there was the Apostolakis RMRF risk
23 prioritization initiative. So one thought, maybe a
24 suggestion, is if risk-informing is going to be
25 expanded, as well as improving the current

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1 risk-informing activities, then there has to be an
2 overarching recommendation that is bold enough for the
3 Commission to actually get behind.

4 Because some of these initiatives failed to
5 go forward because the Commission itself was not
6 comfortable with them. So I think, you know, it's a
7 good theme, we have explored it before. I believe it
8 probably will not succeed if we try to do it piecemeal
9 to try to let each person or each group try to interpret
10 what it means to them, especially if it's a cultural
11 change.

12 I think there has to be something that is
13 overarching about risk-informed, if you truly mean that
14 that's going to change and the Commission has to be
15 behind it.

16 MR. DORMAN: Fernando, thanks for that.
17 Let me throw a question back at you before you disappear
18 on me. Thanks. So the Commission has an overarching
19 statement of policy on the use of PRA. We've had it for
20 22 years. I read it a couple of times over the last six
21 weeks. And I would argue that perhaps are we fully
22 living up to that policy statement.

23 Do we need a new policy statement, or do we
24 need to live up to the policy statement that we have?
25 Do you have a thought on that?

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1 MR. FERRANTE: I think in my mind, and this
2 was discussed in some Commission briefings early on last
3 year, I don't know that a policy statement is necessary.
4 And I think the policy statement is clear enough. The
5 question is, you know, we've been living in the shadow
6 of Reg. Guide 1.174 for many years.

7 So I think the question is do we need
8 something in between that that applies more broadly and
9 is not just plan licensing basis changes that explains
10 what does it mean to use risk principles. What does it
11 mean defense in depth when you are talking about digital
12 I&C? What does it mean for areas that haven't seen
13 those type of concepts?

14 And so maybe something at a high level is
15 enough, because I don't believe asking each individual
16 group to figure it out is going to make sense. But it
17 is something that has to come from above and has to be
18 filled with guidance and understanding about what it
19 means to different applications.

20 So that will be kind of my answer back. You
21 know, telling people just go look at Reg. Guide 1.174,
22 I don't know how that's going to help anybody at this
23 point in time. At the same time, existing processes on
24 risk-informed can be improved as well. And so if that
25 document comes from a higher level, it might make more

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1 success than not.

2 And again, we tried to get there somewhere
3 so there has to be buy-in. But something like that can
4 happen and can be put at the right level.

5 MR. DORMAN: Thanks.

6 MR. WEBBER: Tom Webber, I'm a director of
7 Reg. Affairs as Palo Verde. I think the first four
8 bullets, I think you've got it under themes there. I
9 support the incremental suggestions and ideas in those.
10 I think the last bullet, the culture, is the key one.

11 At Palo Verde, we actually have a
12 leadership model, and we rolled that out when we
13 transitioned to ELECOM IV (phonetic). And I remember
14 personally how is a book going to make a difference, you
15 know, a book of philosophies and strategies, how is that
16 going to really make a difference? I couldn't, I
17 personally couldn't see it.

18 But it wasn't until the leadership from the
19 top down advocated daily use of that model did it
20 actually make a difference. So that we've, I think at
21 Palo Verde, we've found some advantages and
22 improvements in the leadership model.

23 And we continue to use that now, and we've
24 shared some of that, those thoughts with members of NRR,
25 NRC, NRO during the course of the, thank you.

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1 MR. DORMAN: Thank you, Tom.

2 MR. RAKOVAN: Okay, any further thoughts,
3 ideas, opinions, questions that folks have? We've had
4 a nice slow trickle of people coming to the microphones,
5 which has been great. Please, at the back of the room.

6 MR. SIMON: This is Philip Simon Neulogix
7 Solutions. I come from a different industry, oil and
8 gas, chemicals, so I look at it from, in this discussion,
9 from that perspective. And I think some of the people
10 here did bring up this topic, which I'm going to
11 reinforce right now.

12 Which is that very often we look for
13 solutions, I mean this has been my experience, we look,
14 we tend to be given solutions to pursue before we even
15 figure out why we are doing this and what really it
16 should be. So sometimes I think the transformation at
17 the NRC level, I believe if the intent is to help the
18 nuclear industry to become profitable and successful.

19 Because they're able to function now, the
20 question is can they function more efficiently. If
21 that's the reason, then I think it's probably a good idea
22 to get a lot of grievances from the industry.

23 This is what we would normally do in
24 consulting, to find out what's bothering you, what's
25 holding you back, what are your hurdles that we can take

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1 so that you can be profitable.

2 And maybe looking at it from that perspective, and I
3 think somebody brought that up here, about why we are
4 doing it, we can determine what are the priorities to
5 give for the transformations on this side of the fence
6 so that they can be more successful.

7 I don't know if I'm saying the same thing
8 everyone's already thought about, or just another
9 perspective on it.

10 MR. DORMAN: Yeah, thanks for that. I
11 think there are aspects of this initiative where we hear
12 messages that it's not a question of the profitability
13 of the nuclear industry, although I know for a lot of
14 you, that's a major concern. But in some areas we hear
15 we are a barrier to safety.

16 For example, the digital I&C. If we're an
17 obstacle to the effective use of digital I&C too, as Vic
18 was showing the reduction in initiating events through
19 scrams, if more widespread use of digital I&C would
20 reduce initiative events through scrams, that could
21 enhance safety.

22 If it enhances reliability, if it enhances
23 the operator interface, there are a number of potential
24 safety enhancements at a digital I&C, but that the lack
25 of clarity and reliability in the regulatory process is

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1 an obstacle to licensees making that investment.

2 That's not a place for a safety regulator
3 to be. So I think at its most basic, we're looking at
4 the current environment, you know, accident-tolerant
5 fuels is another one, could be a significant safety
6 enhancement. We want to be able to regulate that and
7 in an appropriate manner without being an obstacle to
8 that safety improvement.

9 So I think at the root of this, and I think
10 it's part of the focus on new and novel technologies,
11 is that there's potential for safety enhancements where
12 the regulatory process becomes a barrier to achieving
13 that enhancement. That is not a place for a safety
14 regulator to be, and we want to identify those areas and
15 not be in that place.

16 So I think that's probably where I would say
17 the root of the task is that this team has been given.

18 MR. GORDON: Matthew Gordon, Office of
19 Research. I appreciate the list that was presented, I
20 think you're on the right track. But I would also add
21 managing current data. This is a very significant
22 problem within the NRC.

23 You know, as an example, we work with a
24 number of offices in different branches, and the senior
25 reviewer at one of those branches, without cynicism, and

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1 without exaggeration, is telling us, We spend about
2 three-quarters of our time, our review time, finding and
3 re-finding the information necessary to do the review.

4 And that's a cultural problem where, if I
5 may, and simply my perception is, I don't think the SES
6 appraisal process adds a lot of incentive to say to their
7 supervisor during appraisal, I made sure the branch
8 chief under me managed and maintained the database of
9 his predecessor.

10 It's not innovative, it's not really
11 change. It's just maintaining things. But it is a
12 very significant issue, because it drains time and
13 resources from both the licensee and from the NRC. And
14 this extends throughout our IT infrastructure.

15 We use Google to find things in ADAMS
16 because ADAMS doesn't work. I hear people starting to
17 laugh and chuckle and nod their heads. We all know
18 this. It's an open secret. And it drains morale.

19 So please, managing data is a very crucial
20 part of this transformation initiative. Thank you.

21 MR. CARLONE: Hi, Pete Carlone from MPR
22 Associates. What's the average age of the people on the
23 Transform team, and how are you leveraging the youth and
24 creativity within the organization in a way that those
25 of us that have to carry on the industry into the future,

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1 who will have to live this transformation, will be able
2 to do that?

3 MR. DORMAN: Yes, thank you for that. I
4 don't have the age demographics, but I can tell you that
5 the team, you know, I mentioned in my opening remarks
6 that we have a breadth of experience in the team. That
7 breadth of experience ranges from I think in the
8 neighborhood of 30 years at the NRC at the high end to,
9 I think, about three years at the NRC at the low end.
10 And most -- you know, I think there's kind of a bell
11 curve. So I think a lot of the -- a lot of the
12 Transformation Team are in the range of 10 to 15 years
13 at the NRC.

14 So we are -- we are looking to kind of a mix
15 of level of experience, level of familiarity with what
16 we do as well as just of bringing fresh perspectives to
17 the -- to the effort. So I think that's a -- that's a
18 great insight there and I think it's important that we
19 let the people who are going to be living these processes
20 for the next 20, 30 years be the ones who are helping
21 to build them.

22 MR. NIEH: Hello Dan, hello Andrea. My
23 name is Ho Nieh. I am with the Nuclear Energy Agency
24 and we are part of the Organization for Economic
25 Cooperation and Development. And we're based in

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1 France. And in that job -- you probably know this --
2 I have a chance to work with regulatory bodies from all
3 around the world and research institutions from all
4 around the world. And I was looking at your comment
5 there about leveraging existing reviews. It's under
6 the expansion of risk-informed licensing.

7 But my observation is that I've seen in some
8 countries a readiness and ability to accept regulatory
9 reviews and information from other countries as input
10 to their decisionmaking process. And I think it can
11 work. So I wonder, is this something that NRC might be
12 thinking about with some of the areas that you've been
13 stuck in -- or, we've been stuck in, I should say. You
14 know, obviously, I am from the NRC but working at NEA
15 now. But, like, in digital instrumentation and
16 controls -- but perhaps, even looking forward with
17 advanced reactors. Because, you know, other countries
18 are moving ahead with looking at some advanced reactor
19 designs. And as I mentioned, it seems to me that in some
20 cases some regulatory organizations have been able to
21 use NRC input -- NRC reviews as input into their
22 regulatory decisionmaking. So I am wondering what your
23 thoughts are on that.

24 MR. DORMAN: Yes, thank you, Ho Nieh. I
25 think that is a -- I think that is a cultural shift for

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1 the NRC. So I think it could be transformational.
2 Like, going back to Rick's comments earlier about
3 identifying our own reviews and leveraging them is --
4 is -- would be something new for us. It would certainly
5 be new for us to look to another country's review of a
6 technology. But I think we should definitely look at
7 the merits of that. And I think it would -- the hazards
8 are the same wherever we are in the world. And so we
9 ought to look at opportunities to leverage the work that
10 others are doing. I think we will probably -- with the
11 breadth of options on the menu for advanced reactor
12 technologies, and I think other countries are getting
13 out ahead of us in the process on those -- we ought to
14 be open to looking at the work that others are doing.

15 MR. RAKOVAN: Okay, Dan, I thought we had
16 a slide that had some questions on it for the group.
17 We've had this one up. Yes, maybe we could see if this
18 gets a little bit of discussion going here. Any of
19 these questions resonate with you? What do you view as
20 the most important area for transformation of the NRC's
21 regulatory framework for new and novel technology? How
22 would you propose we revise, refocus our regulatory
23 framework to improve this area? What obstacles would
24 need to be overcome? And what would be the benefits?
25 Just wanted to kind of focus on this slide a little bit

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1 just to see if this kind of got some conversation going.

2 Come on, here is your chance. Oh, I got a
3 hand right here. Who wants to get to her first? All
4 right, it looks like Richard's got her. Ruth Ann is
5 turning around, looking confused.

6 MS. KONDO: My name is Hiroko Kondo.
7 Change Management Consultant from Tokyo. And I have a
8 couple of questions. What is your expected outcomes
9 for -- to realize the transformation? And second thing
10 is that I've heard that there is a kind of barriers to
11 realize the transformation. But I thought they are the
12 kind of strengths of NRC to realize the transformation.
13 And what are the strengths of NRC for -- to, you know,
14 realize the transformation?

15 MR. DORMAN: Thank you for that. So
16 expected outcomes -- I think I talked a little bit
17 earlier about, you know, what we are at least receiving
18 as messages that we are a barrier in some respects to
19 the utilization of technologies that could enhance
20 safety either at existing plants or in future designs.
21 And so an expected outcome would be that that perception
22 is resolved. That we have a regulatory process that is
23 consistent with our principles of good regulation -- to
24 be independent, clear, open, reliable and efficient --
25 and results in a process that licensees and applicants

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1 have confidence that they can work through that process
2 and receive the expected outcome in the licensing of the
3 technology. So I think that's probably the most
4 substantial core expected outcome of this activity.

5 I think the second question -- I understood
6 perhaps the stability as a strength of the agency.
7 Reliability in a regulatory culture tends toward an
8 inertia that needs to be overcome to implement change.
9 And historically we tend to -- we pride ourselves in
10 being a continuous learning and continuous improvement
11 organization, but we make changes that are incremental
12 in improving our efficiency or improving our regulatory
13 framework. So I think in this particular case we are
14 asking ourselves, in light of the feedback that we're
15 getting, are there particular areas where we do need to
16 start with a clean sheet of paper, as we did with the
17 Reactor Oversight Process. So I think that the
18 strength -- I guess I would like to say the strength of
19 the agency being responding with appropriate change
20 where change is needed. And we're incremental where
21 incremental is needed and transformational where
22 transformational is needed. And I think the challenge
23 before this team is, well, what are the areas where
24 transformation is needed and needed at this time?

25 MR. RAKOVAN: And again, I want to remind

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1 folks that coming to a microphone at today's session is
2 not the only way that you can provide your input. If
3 you would rather provide them on the cards, we do have
4 those and have some people collecting those as we go.
5 You can also send email to
6 transformation.resource@nrc.gov. It looks like we
7 have a couple of hands up here in the front.

8 MR. GROBE: Jack Grobe, Exelon. Dan, I
9 think I understood that the outcome of your group is
10 going to be some recommended areas to pursue
11 transformation. Assuming that the Commission endorses
12 that, what would be your expected involvement for the
13 industry in formulating the detailed structure for how
14 that transformation will go forward?

15 MR. DORMAN: I think it is going to depend
16 on the nature of what we recommend. So if, for example,
17 we recommended that the agency pursue endorsement of a
18 standard that sets requirements at a higher level for
19 digital I&C, obviously that is going to at some point
20 get us into rulemaking. And rulemaking -- it follows
21 the Procedures Act and takes the time that it takes.
22 And the role of engagement will be for the industry to
23 come and participate in the standards. I think one of
24 the things that we're looking at and one of the things
25 that we've learned about transformational efforts is

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1 they need to have quick wins. So one of the things that
2 we're chewing on, is there a way to pilot that? So that
3 might be an opportunity for industry to engage in a
4 piloting a digital system under a different standard
5 that the agency might be evaluating endorsement of.

6 If we pursue, you know, something under the
7 first broad theme there of systematic expansion of
8 risk-informed licensing, that may not require changing
9 any rules. That might be more in our review guidance
10 to our staff. But I think that there would be a need
11 to engage the public in the development of that guidance
12 and how we're changing our approach to licensing. And
13 that's going to impact how licensees prepare license
14 applications, I would think. So I think there would be
15 probably a less structured engagement than the
16 rulemaking approach, but I think we would still want to
17 be engaging with our public stakeholders on how we are
18 going to approach that. So I would expect that once the
19 Commission decides what initiatives they're going to
20 endorse what the nature of the initiatives will
21 determine what the nature of engagement will be. But
22 the one thing I am confident of is there will be
23 engagement.

24 MS. BLOOMER: Hello. Tammy Bloomer, U.S.
25 NRC. I wanted to focus just a little bit more on culture

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1 and keeping the movie theme going, back to the future.
2 You've mentioned a couple of times the White Sheet for
3 the ROP. What did we learn about our culture or what
4 we need to do to change the culture in order to implement
5 something like that? And how would that apply now? Or
6 does it apply now?

7 I think we are, as an agency, fairly risk
8 adverse. And so to change a culture -- to take
9 something that's transformational and change it and to
10 continue to let it evolve over long periods of time, is
11 very difficult for us. So, do you have anything that
12 you've thought of that you looked at to address the
13 culture aspect?

14 MR. DORMAN: So, thanks Tammy. We are --
15 obviously our tasking had a lot of cultural aspect to
16 it. And you can see the themes here under culture. And
17 the good news for the NRC people is it's not us, it's
18 just people. And we're people. There is a level of
19 comfort in the way we do things. And there is an inertia
20 there that we need overcome. And that's overcome by
21 organizational focus. You see there it's consistent
22 messages in leadership. It's sustaining that focus
23 over time. It's demonstrating the quick wins that I've
24 talked about a little bit.

25 At some point you have got to move forward

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1 with the change and some people will come to the change
2 reluctantly and then they will see the change that you
3 are trying to create and they will come along and come
4 on board. So some people will be on board right at the
5 beginning. Some people will come along at different
6 stages. And we need to build that into the
7 communications and the change management for any change
8 initiative but for -- especially for a transformational
9 initiative to bring people along continuously
10 throughout the process.

11 I think, you know, one of my recollections
12 as the ROP was being at a seminar of regional inspectors
13 about six months into the implementation of the ROP --
14 and inspectors getting up and talking about findings
15 that they had processed through the system. And other
16 inspectors, who were skeptical of the new system and
17 their ability to process issues through the system were
18 saying wow, okay, it is kind of working. So, you know,
19 I think some people will be on board and share the
20 vision. Some people will need to see the product. And
21 you need to keep the focus and the burning platform, if
22 you will, going throughout the process to bring
23 everybody along at the pace they are able to come along.

24 MS. KOCK: So we spent four or five weeks,
25 now, gathering input in kind of, like, as Dan said, in

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1 the storming phase. And we are kind of moving beyond
2 that have these themes. And we have been thinking about
3 what has worked in the past and what hasn't worked in
4 the past. And previous efforts the agency has taken on
5 through Project Aim. You know, somebody already
6 mentioned the work that -- the plethora of work that's
7 been done on risk-informed initiatives in the agency and
8 trying to study where those went -- what worked and what
9 didn't work -- to try and gain some insights into the
10 cultural shift and what will work best now.

11 MR. ZACHARIAH: Tom Zachariah, NEI. So
12 the ROP was brought up a few times here. But it sounds
13 like the suggestions that you were getting you feel are
14 incremental. I think part of this effort is looking at
15 not just new technology for the existing fleet, but new
16 reactors that are smaller, more compact. Do you see any
17 need for transformation in the ROP for a reactor that's,
18 you know, two megawatts versus a thousand?

19 MR. DORMAN: Yes, I think the question is,
20 when is the time for that? You know, I think we're in
21 the stage of learning what the technical issues will be
22 for the licensing of those technologies. I think as
23 those advance, we will get to that point of needing to
24 say, okay, does a reactor oversight process for the
25 existing fleet of large light-water or boiling and

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1 pressurized water reactors fit to a, you know, two- or
2 a seven-megawatt molten salt or high temperature
3 gas-cooled reactor? Obviously not. So we will need to
4 rethink that. You know, even for the large light-water
5 AP-1000 is going to have a little bit of differences in
6 the oversight processes. And we have worked through
7 that for the transition operation for Vogtle. When it
8 gets there for totally different technologies, yes, we
9 are going to rethink the oversight process. I think
10 that's going to come at a little bit later point in time.

11 MR. GROBE: Yes, Jack Grobe, Exelon. I am
12 glad Tammy brought the ROP transition up. That was
13 about a four-year process. Two years to formulate the
14 new ROP and two years after implementation it was
15 routine. The motivation for that was a one-third cut
16 in the NRC budget. That's pretty motivational. How do
17 you anticipate generating that same level of energy to
18 make these kinds of transformations? You've got
19 incentives down here. But I am just trying to envision
20 the incentive for fundamental change in the risk
21 behaviors of the agency when we have been doing it this
22 way for so long.

23 MR. DORMAN: So that's something we have
24 been chewing on a little bit. We had a really
25 interesting talk with a guy who has done four start ups

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1 and he is on his fifth start up. And he talked to us
2 about how motivated people were because he has created
3 27 multi-millionaires. And we said, yes, okay, we are
4 a government agency. I don't think that is going to
5 work for us. But we do have incentive programs for the
6 NRC staff. So one of the things we are thinking about
7 is, are there different ways that we can approach our
8 -- with the resources that we have available to us --
9 the way we approach our incentives relative to that?
10 Because we talked about a little bit earlier about the
11 leadership model and Vic talked about the leadership
12 model applying to every NRC employee as a leader. It's
13 not positional leadership, it's effective leadership at
14 every level.

15 And that model including being more open to
16 new ideas and less risk-averse in embracing new ideas.
17 We'll have to think -- so one of the things we are
18 thinking about here in the theme area, for culture, is
19 how to -- how does that apply to our incentive programs?
20 But I think, you know, you started that question with
21 the one-third cut of resources, which is more of an
22 institutional level of motivation. I will say that
23 the fact that we're doing this -- the fact that Vic
24 chartered us on this effort -- the fact that you heard
25 reference to this effort from all three Commissioners

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1 this morning -- I think there is an institutional energy
2 behind this at the highest levels without a catalyst
3 like that. We just need to deliver on it so we don't
4 get the catalyst. That kind of catalyst.

5 MS. KOCK: And we don't have the same
6 incentive we had back when we developed the ROP. But
7 it kind of goes back to what Dan was saying earlier that,
8 into soliciting volunteers to work on this -- we were
9 inundated. There is institutional desire to move
10 forward. And I don't know that I can speak for 100
11 percent of the NRC staff, but I work here. I've worked
12 here for a long time. And I think it's inspiring to
13 think about what we could be in the future. We want to
14 remain a relevant regulator. We don't want to be a
15 regulator that stands in the face of a safety
16 improvement.

17 I think 99 percent of the people who work
18 in the agency, they want to do the right thing. And to
19 me that rings true. I think it rings true for a lot of
20 the staff at the NRC.

21 MR. RAKOVAN: We haven't heard from the
22 back for a while. So let's go there and then we'll come
23 back up to the front.

24 MR. LOCHBAUM: Dave Lochbaum, Union of
25 Concerned Scientists. You mentioned quick wins a

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1 couple of times. Could you really have a quick win with
2 digital I&C or advanced reactor technology? If so,
3 that's a pretty loose definition.

4 MR. DORMAN: So yes, it is a comparatively
5 loose definition. But I think, you know, we're not
6 going to do a transformational change to digital I&C in
7 three months after we're done with this project. But
8 I think if we can -- you know, if we end up say, with
9 a path that's looking at endorsement of an alternative
10 standard approach to licensing digital I&C, if we can
11 also in parallel be working to pilot that approach as
12 it -- once it's sufficiently developed. You know, it
13 -- yes, it's not a -- it's not a quick win like we issue
14 our paper and the next Monday we're celebrating that.
15 But I think it's incremental progress. And it gives
16 some confidence that the process is moving toward a
17 successful outcome. So yes, it is a relative term.

18 But I think one of the key things I've
19 picked up in looking at transformational efforts is that
20 promising somebody six years from now and that's all
21 they're going -- you know, they get to wait for that is
22 not something that inspires confidence in the overall
23 process. But if you can show progress toward that --
24 so that's part of what we will be thinking about as we
25 develop these proposals is what are some ways that you

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1 can get some demonstrated successes early in the process
2 that give you confidence that it's going to move toward
3 a successful conclusion?

4 MR. SHAPIRO: My name is Robert Shapiro.
5 I am with the Duane Morris Law Firm and I've represented
6 various clients before -- all sorts of federal agencies,
7 federal courts. Deadlines -- nothing focuses an
8 organization -- it's the bottom bullet there --
9 organization or an individual like a deadline. And I
10 can't think of any set of clients that I have had that
11 have been more challenged than electric nuclear
12 utilities in terms of dealing with their regulator, in
13 terms of the unpredictability of when they're going to
14 get a decision. And I would urge your group to consider
15 the agency imposing on itself deadlines of various sorts
16 that could actually, again, transform the agency --
17 including up to the Commission -- to get deadlines, to
18 get decisions out in some kind of reasonable time frame.

19 MR. DORMAN: Yes, thank you for that. And
20 I would acknowledge that is an area that the NRC has been
21 trying to do better in our licensing processes is an
22 example of meeting our deadlines. We -- I would
23 acknowledge, we don't have the greatest history on
24 meeting our own deadlines. So I think we need to set
25 them, but we also need to meet them.

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1 MS. KOCK: Just to stimulate the
2 discussion a little bit -- to get some of your thoughts.
3 That bullet there on timely resolution, the challenges,
4 is kind of along those lines. And -- so the thought is,
5 are there ways when you have a challenge in an
6 organization with an issue that challenges our
7 regulatory framework, how can you elevate that issue and
8 allow us to move forward quickly to meet deadlines? And
9 so, if you all have thoughts on constructs along that
10 line that have worked, that would be helpful feedback
11 for us because we have been thinking about just that
12 issue.

13 MR. RAKOVAN: Okay, let's go to the back of
14 the room and then back to the front.

15 MR. ZIMMERMAN: Tony Zimmerman, Duke
16 Energy. Could you please elaborate on the second
17 bulleted theme there on additional flexibilities for
18 licensees to make changes? Is that beyond the higher
19 level digital standards you mentioned earlier to
20 include potential changes to 50.59?

21 MR. DORMAN: Yes, so that one, I think,
22 comes out of a number of comments that we got internally
23 related to staff spending time on licensing reviews that
24 have limited value from a safety or security
25 perspective. So I think broadly that would include

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1 rethinking the framing of 50.59 as well as, say,
2 50.54 (p) for emergency plan changes -- or security plan
3 changes -- 50.54 (Q) for EP plan changes. So really it's
4 getting to, are the thresholds defined in our current
5 change management mechanisms at the right level to
6 ensure that both licensees and the NRC staff are
7 focusing their time on truly safety significant issues?

8 MS. HOOD: All right, my name is Tanya Hood
9 and I work for the NRC. And I just wanted to go back
10 to the comment that Andrea made earlier when the EDO
11 called for staff to participate and join the
12 transformation team. There was a lot of buzz in our
13 agency for that. And it's not that there's a lot of
14 members in the NRC that aren't thinking of moving
15 forward with transformative actions.

16 A lot of us come to work on a daily basis
17 with an internal drive to do what's great. We work here
18 at an industry and at an agency that watches over the
19 safety and culture of the environment and the people.
20 It's not just what's happening in the industry that's
21 being monitored. My family is also monitored by the
22 work that I do. The level of detail that I put in and
23 the thoughts that I have to make us better, to think of
24 how we can do our jobs better, is also an assistance to
25 myself and my family as well as those around me.

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1 So as an agency a lot of our individuals
2 here -- because one of the first few things I was told
3 when I joined the NRC is, you are a regulator here to
4 do great things for the public and for yourselves. So
5 we have the initiative internally. It's not that we
6 have to have a whole lot of external incentives to get
7 us to do our job. We know our job is important and we
8 take pride in doing it well.

9 MR. DORMAN: Thank you.

10 MR. RAKOVAN: Okay, we've got a few more
11 minutes left in the session. Got a hand right there,
12 Richard.

13 MR. GRANTOM: This is Rick Grantom again.
14 I promise, it will be my last statement.

15 (Laughter.)

16 MR. GRANTOM: Going back to your -- what,
17 your priorities and then what you can suggest to help,
18 I do believe that the use of the risk technology is the
19 highest priority because it cross cuts every
20 organization in the NRC. Everyone has risk for their
21 perspective and it can be used in an overall
22 perspective. The question I would ask on the second
23 bullet, though, there is what kind of tools is the NRC
24 going to give the organizations? How are they going to
25 know what's risk important? What kind of training are

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1 they going to get? Those are the kinds of areas that
2 I think -- that need to have some focus. What kind of
3 performance indicator are you going to put together that
4 says, hey, we focused on the right things and we didn't
5 focus on the other things? And those are real kinds of
6 tools that, from a utility perspective, every time we
7 did a risk-informed application there was a full
8 training aspect. There was a full, do they need a new
9 risk tool? You know, some way to get information? So
10 I just offer that to you to think about on the feedback.

11 MR. DORMAN: Thank you, Rick.

12 MR. RAKOVAN: Okay, time for one or two
13 more comments. And again, I will remind you, this is
14 definitely not the only way that you can provide your
15 feedback. We have the
16 transformation.resource@nrc.gov email address. Or,
17 you have a little bit more time to fill out your comment
18 cards to be collected for this session. Anybody who has
19 been sitting there, just biding your time, waiting with
20 a comment that you just had to get out before we ended
21 -- now is the time. We do, all right. We got one.
22 Look at that.

23 MR. SHAW: Bob Shaw with Duke Energy. So
24 all of the transformations I have been involved in live
25 or die on the first-line management. If the first-line

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1 management supports it, it will go forward. If they
2 don't, it will die. So what are you doing about getting
3 the first-line management fully aligned with this
4 process?

5 MR. DORMAN: So, I appreciate that. I
6 think that's probably something we need to focus more
7 on. We have been, through this stage of the process,
8 going out to all employees' meetings throughout the
9 agency getting input throughout the agency. I think as
10 we go back over the next six or seven weeks, we are
11 looking for organizational alignment to support the
12 initiatives that we put up to the Commission. So I
13 think we'll -- I'll take that as a reflection that we
14 need to make sure that we are bringing along the
15 first-line management as well on that process. But I
16 appreciate that insight.

17 MS. KOCK: And we do have a few ideas along
18 the lines of how organizations can hold themselves
19 accountable to change -- and different ways that
20 different organizations have instituted accountability
21 in the organization for making a change. So again, any
22 thoughts you have on the best way to do that and what
23 has worked would be helpful.

24 MR. RAKOVAN: All right, last chance at the
25 microphone before I turn things over to Dan to close our

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1 session?

2 (No audible response.)

3 MR. RAKOVAN: Okay, Dan, please?

4 MR. DORMAN: Well thank you, Lance. And
5 thank you everybody for sharing your thoughts with us,
6 as well as your questions. I think that from here over
7 the next six weeks or so, this team will be taking these
8 themes, crafting them as we've said -- into what we see
9 as the important initiatives to put forward before the
10 Commission.

11 It doesn't mean that all of the energy that
12 went into 500-plus issues from the NRC staff is going
13 to be lost once we narrow it down to a couple of
14 initiatives. There was some talk this morning about
15 the innovation forums. I talked a little bit about it
16 here. We will be using those forums to take the
17 information that doesn't roll up into an initiative, so
18 we don't lose the energy and the good ideas. So, I mean,
19 there were some even that I heard today from NRC staff
20 about things we can do with our own information
21 management systems to improve. And so we will share
22 those with our chief information office as well.

23 So I mean, there's things outside of the
24 regulatory framework that we can do to be more
25 efficient. There's a lot of things in the innovation

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1 forums where we have -- our own staff can say, gee, this
2 system is not working as well as it should. Or, this
3 bugs me. Or -- there's ways to get those into the system
4 and bring about change.

5 So I think you will continue to hear more
6 about transformation and innovations at the NRC in the
7 years to come. As far as this particular project, as
8 I said at the outset -- we will have a paper in May that
9 will put this team's recommendations with the support
10 of the senior leadership and hopefully the first line
11 managers to recommend to the Commission particular
12 things that the agency should pursue in the very near
13 term. So I appreciate your attention to this session
14 -- to this issue and your feedback and questions. Have
15 a wonderful afternoon. Next session begins at 3:30.

16 (Applause.)

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