

Reorganization of the Office of Nuclear Reactor Regulation

The current organization of the Office of Nuclear Reactor Regulation (NRR) (Attachment 1 to Enclosure 1) evolved from the October 2005 NRR reorganization. If NRR remains intact, the office would need to expand from 9 technical divisions to 13 technical divisions in FY 2008 with a goal of having fewer than 80 staff per division (Attachment 2 to Enclosure 1). NRR management challenges are expected with this approach as the office grows to a size about four times the next largest NRC office. NRR's focus will continue to be divided between the operating and new reactor programs and the office director's span of control would be great.

As a result, the staff proposes to divide NRR into two offices: The Office of Nuclear Reactor Regulation and the Office of New Reactors (NRO) (Attachment 3 to Enclosure 1). NRR would maintain responsibility for operating reactor licensing and oversight, policy, and rulemaking. NRO would be responsible for the review of applications for new reactor design certifications (DCs), early site permits (ESPs), combined licenses (COLs), construction permits or work authorizations. NRO will also oversee the Headquarter's program office responsibilities for the construction inspection program.

Major benefits will result from this proposed approach. Each office can devote its efforts to its primary responsibilities, oversight of either the operating reactor program or the new reactor program. The span of control for both office directors would be more manageable, with improved accountability. Each office would have its own technical divisions, enhancing alignment of priorities within the offices. The two offices will use various approaches to maintain consistent technical expertise, including the use of common standards (e.g., Standard Review Plan), communities of practice in technical areas, and technical steering committees. Establishing some technical branches in NRO could be deferred beyond January 2007 to allow for the formation of branches with minimum critical staffing levels and effective development of new staff.

During the FY 2007 transition for NRO, the staff proposes to create four initial divisions with 7 additional Senior Executive Service (SES) managers in FY 2007 within NRO (Attachment 4 to Enclosure 1). This structure will accommodate the personnel who are expected to be assigned to NRO at its inception and will allow growth as more staff are brought on board. The staff expects the number of NRO divisions to increase as the work load increases.

In addition, the Program Management, Policy Development, and Planning Staff (PMAS) function would not be duplicated in NRO. Instead, one PMAS division, reporting to NRR, would service both offices and support infrastructure areas such as human capital, hiring, space and contract management. This approach would provide efficiency and stability to the organization, and would not impact the huge hiring and contracting efforts already underway.

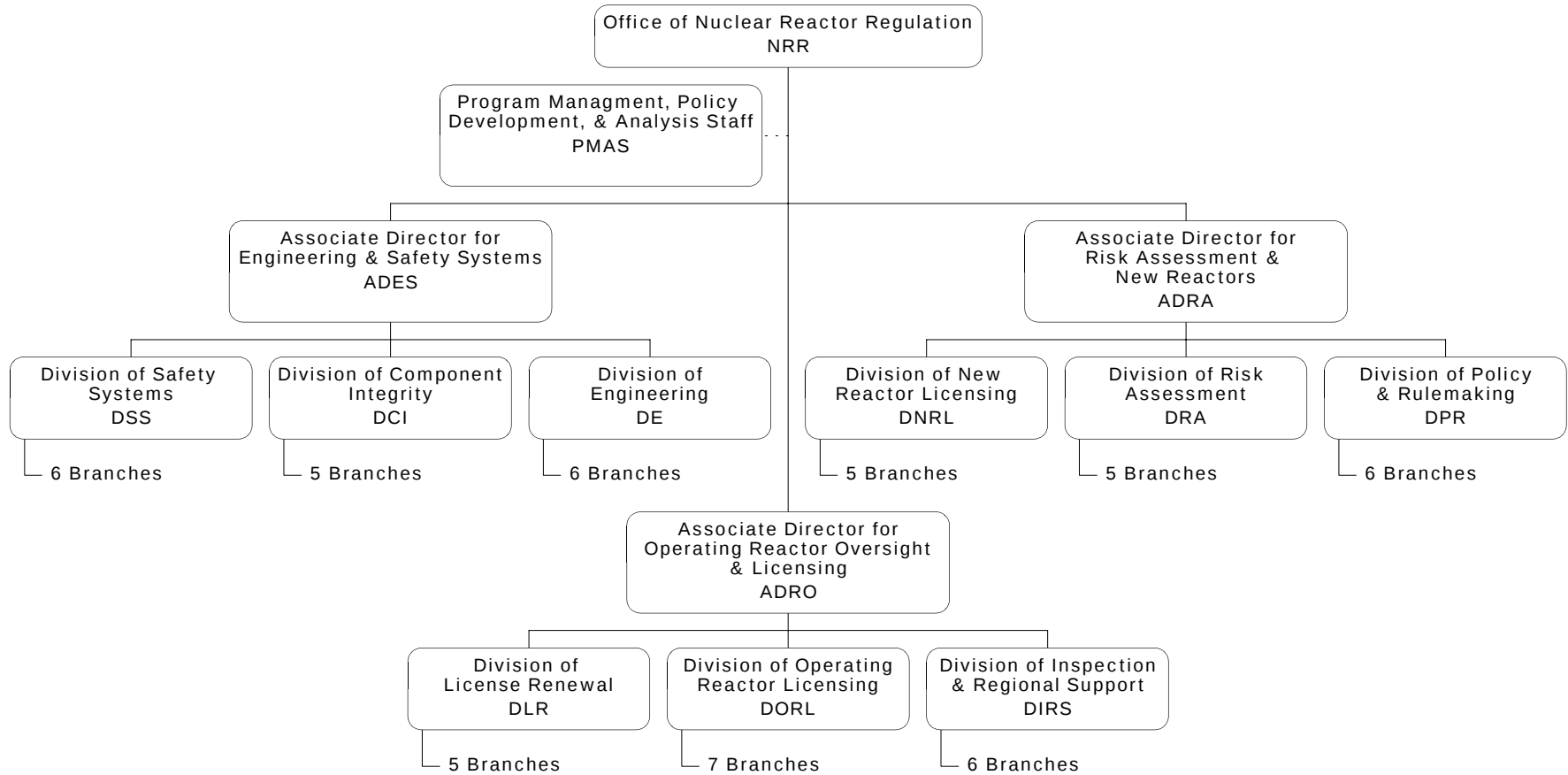
For efficiency, specific functions will remain under NRR, and support both offices, as needed. These include (1) policy and rulemaking; (2) Operating Experience; (3) generic communications; and (4) operator licensing. In addition, some specific technical functions, where it may not be feasible to split the function due to limited staff expertise or the infrastructure required (i.e., only one person is currently on staff who possesses that particular expertise, specialized computer equipment and software), may continue to reside in either NRR or NRO. Specific examples include staff expertise and the required infrastructure to perform functions such as code analyses. A formal process would be developed to request work between the offices.

In most cases, both organizations will consist of staff with similar technical skills and abilities. Where gaps in technical abilities or expertise exist in one of the organizations, a transition plan will be developed to establish the appropriate technical expertise either during or shortly after the transition period. This transition plan will utilize such tools as hiring and training to meet skills gaps. In addition, some process options the staff will consider to ensure consistency in technical positions include: enhancing the role of senior level staff in key technical areas to address new or unique technical and policy issues; establishing a formalized process for documenting decisions systemically and in detail to understand the technical basis; or establishing a protocol with NRR responsible for all final decisions for resolution of issues as owner of the Reactor Safety Program (similar to the process used between NRR and the Regions). The processes used to support the transition will be identified prior to implementation of the reorganization.

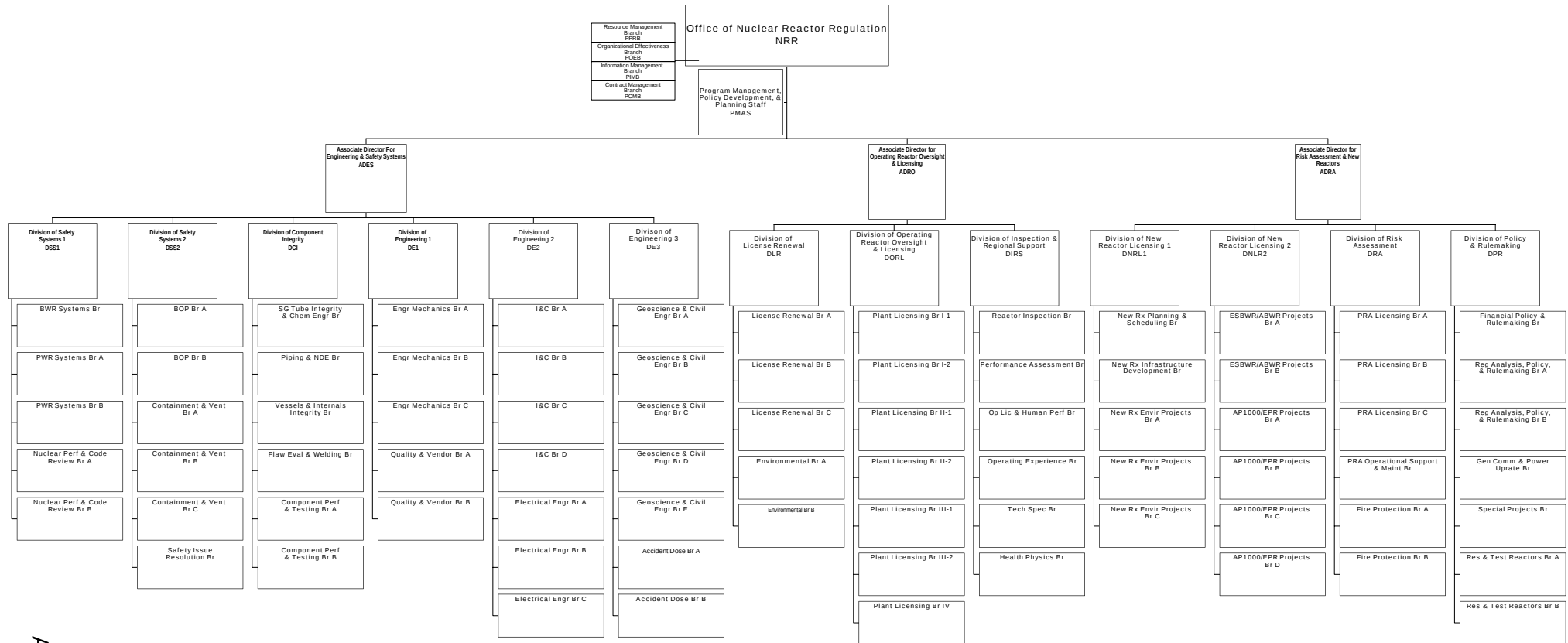
In order to maintain schedule and quality of the economic simplified boiling water reactor (ESBWR) review, NRR and NRO will transfer all the project managers currently in the Division of New Reactor Licensing (DNRL) and a core competency of knowledgeable technical staff from the technical divisions to the new office. In addition, the Work Planning Center (WPC) process will continue to be used to track those portions of the ESBWR review that remain under NRR due to NRR personnel continued involvement in the reviews or available for consultation with NRO staff during the transition. The WPC process in NRR along with line management will continue to be used to hold both staff and managers accountable for meeting due dates and quality expectations.

Section 203 of the Energy Reorganization Act specifies that the Director of NRR shall be delegated the "principal" licensing regulation functions involving reactor facilities. The proposed reorganization is consistent with this directive because some 1500 licensing actions, programmatic oversight of operating reactors and enforcement will remain under NRR and can reasonably be considered "principal" licensing functions. Although the initial licensing to be performed by NRO constitutes a significant volume of work, the actual numbers of licensing actions are small and the spectrum of actual regulatory functions assigned to NRO is far less. Therefore, the Commission has sufficient flexibility under the Energy Reorganization Act to transfer the initial licensing function (including signature authority) for reactors to the Office of New Reactors.

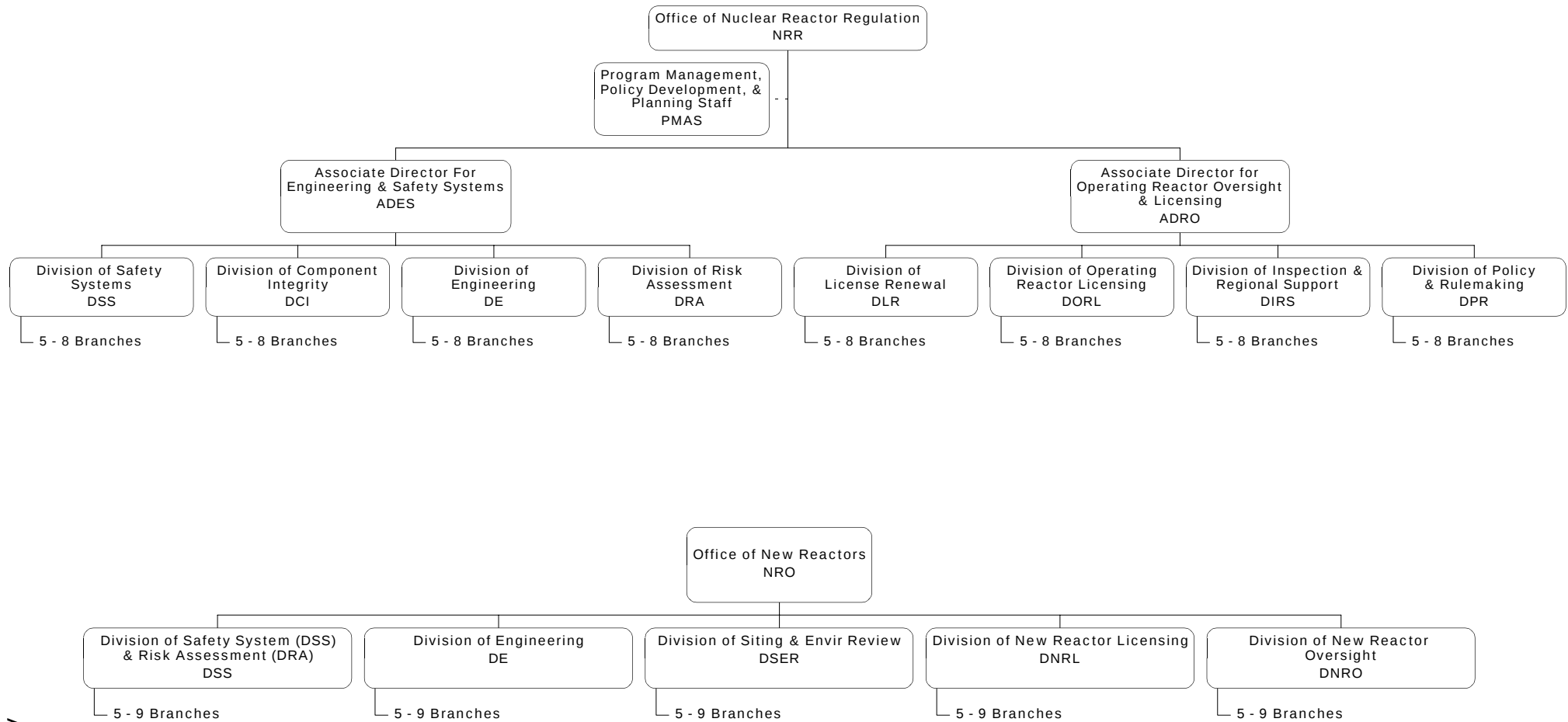
Current NRR Office Structure FY 06



NRR Office Structure FY 08



Proposed Two Office Structure FY 08



Proposed Transitional Two Office Structure FY 07

