

May 16, 2016

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am submitting the second quarterly report related to the NRC's processes on certain licensing actions and right-sizing commitments as directed in the Joint Explanatory Statement accompanying the Consolidated Appropriations Act, 2016.

To monitor the NRC's progress against its licensing goals and right-sizing commitments, the Joint Explanatory Statement directed the Commission to report: 1) "the on-board strength of full-time equivalent [(FTE)] employees, including any identified areas of critical skill shortages and targeted hiring strategies against these shortage areas"; 2) "actions taken to right-size the NRC in accordance with the recommendations of the Project Aim report, to include rebaselining assumptions and projection of FTEs and required budget authority"; 3) "progress to eliminate the backlog of pending licensing actions in the Office of Nuclear Reactor Regulation by 2017"; and 4) "progress to complete the licensing reviews of pending reactor license renewal applications (power and research reactors), combined license applications, early site permit applications, design certification applications, and uranium recovery applications (initial and renewal) against currently projected schedules."

The agency has been carefully monitoring projected year-end FTE utilization and expects to utilize approximately 3,552 FTE by the end of fiscal year (FY) 2016. Hiring of additional agency staff has been limited to only those skills that are both critical to agency operations and are not available within the existing agency workforce. The NRC has identified, based on known or projected workload changes, additional skill needs in the areas of cybersecurity, cloud computing, probabilistic risk assessment, health physics, acquisitions, and advanced reactors (non-light water reactors) and is implementing strategies to mitigate any future critical skill gaps in these areas. These strategies include retraining and redeploying current agency staff, partnering with other Federal agencies, and supplementing the NRC workforce with contractor support.

As stated in our initial report, as part of Project Aim, the staff engaged in a one-time re-baselining effort and identified \$10 million of savings in FY 2017 in the Rulemaking, Travel, and Corporate Support areas that have already been incorporated into our FY 2017 budget request. Furthermore, the Commission has recently approved additional recommendations for savings in FY 2017 of approximately \$31 million. The staff also provided information to the Commission on additional longer-term efficiencies and improvement projects where savings could be achieved (SECY-16-0035, "Additional Re-baselining Products," Agencywide Document Access and Management System Accession No. ML16077A184). One of these actions is a further review of Corporate Support resources required after implementation of changes in the agency as a result of the Project Aim re-baselining. The results of this effort are currently under review; a recommendation of further efficiencies in Corporate Support services that could be realized in

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FY 2018 and FY 2019 will be provided to the Commission in early June 2016. The Commission's decisions will be provided in a future publicly available Project Aim Implementation Status Update. As reference material for your awareness, enclosed is a recent Project Aim Implementation Status Update, which was dated April 8, 2016 (Enclosure 1).

The staff continues to make progress in reducing the backlog of licensing actions, completing 94% within one year or less during the first half of FY 2016. Progress in completing other licensing actions is provided (Enclosure 2).

Please feel free to contact me or Eugene Dacus, Director of the Office of Congressional Affairs, at (301) 415-1776 if you have questions or need more information.

Sincerely,

**/RA/**

Stephen G. Burns

Enclosures:

1. Implementation Status  
Update – March 2016
2. Progress on Licensing  
Applications – Quarters 1 and 2

cc: Senator Barbara Mikulski

**Identical letter sent to:**

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510  
cc: Senator Barbara Mikulski

The Honorable Harold Rogers  
Chairman, Committee on Appropriations  
United States House of Representatives  
Washington, DC 20515  
cc: Representative Nita Lowey