

October 12, 2000

GE Nuclear Energy  
Vallecitos Nuclear Center  
ATTN: Mr. Ben Murray  
Senior Licensing Engineer  
6705 Vallecitos Rd  
Sunol, CA 94586

Dear Mr. Murray:

I am replying to your May 9, and May 17, 2000, facsimiles disputing certain portions of Invoices FL0163-00 and FL0283-00 assessed for License SNM-960. We received payment for the undisputed portions for these invoices. Our letters of May 16 and May 19, 2000, stated that we would extend the interest waiver period for the disputed costs until we could provide you with a response to your concerns. For the reasons stated below, we reduced the amounts of Invoices FL0163-00 and FL0283-00. The accuracy of the remaining invoiced amounts have been verified.

Your dispute with portions of the invoices concerned certain Project Manager (PM) costs which you believe had no relationship to your facility or license. Specifically, you questioned PM charges for: physical protection category 1; mixed-oxide fuel fabrication; spent fuel storage and transport licensing; and staff development and professional meetings. The Office of Nuclear Material Safety and Safeguards (NMSS) reviewed all PM charges and confirms that the PM activities stated above, except for staff development and professional meetings, were generic in nature and should not have been billed to you. As a result, we have corrected Invoices FL0163-00 and FL0283-00. The corrected invoices are enclosed and were reduced by a total of \$17,248 for these activities from the original invoiced amount. The enclosed table shows the remaining amounts due for Invoices FL0163-00 and FL0283-00.

As stated in the FY 2000 final fee rule (10 CFR Parts 170 and 171), we acknowledge that certain PM activities are not directly related to a specific licensing action or to a specific site. However, these activities are part of the costs to the NRC of providing PM services, and these costs are more appropriately recovered from the licensees benefitting from those services. Day-to-day PM activities to be recovered through Part 170 fees include the general management and oversight of the particular site or sites to which they are assigned, and general activities such as training, travel, general correspondence, staff meetings, coordination with and support to other offices, and processing documents into the NRC's Agency-wide Document Access and Management System (ADAMS). Our review of the PM time reported in the first two quarters of FY 2000 indicates that approximately 10-15 percent of a PM's time is spent on general or non-site

specific administrative duties. The NRC believes it is appropriate to recover the costs for this small percentage of the PM's time from the assigned site or sites as a necessary function in support of the NRC's overall mission. As you are aware, the NRC is a full cost recovery agency required by law to collect approximately 100 percent of its budget from fees.

In the FY 1999 final rule, we stated that leave time would be excluded from PM time billed under Part 170. For purposes of Part 170 fees for PMs, leave time includes approved leave, excused absences, and absences in a duty status. As stated in the FY 2000 fee rule, we have determined that NRC's Combined Federal Campaign activities are more appropriately identified as an excused absence (rather than "general administration") for fee billing purposes, and should be excluded from Part 170 assessments. Invoice FL0163-00 had to be adjusted for this reason in the amount of \$140. The balance due for Invoices FL0163-00 and FL0283-00 totals \$11,438. Interest will be waived if payment is received within 30 days from the date of this letter.

Enclosed is the third quarter FY 2000 Invoice FL0395-00 (\$36,008) dated October 17, 2000. For this invoice, the PM's charges have been confirmed as accurately charged to the license. The total amount due for this third quarter invoice is \$37,548, and interest will be waived if payment is received within 30 days from the invoice date.

In order to provide more billing information, beginning in FY 2001 (October 2000), invoices will reflect greater detail for PM's "general administration" activities.

Thank you for bringing your project manager billing concerns to my attention. If you have any questions regarding this matter, please contact Doug Weiss of my staff on 301-415-7348.

Sincerely,

**R/A**

Diane B. Dandois, Chief  
License Fee and Accounts Receivable Branch  
Division of Accounting and Finance  
Office of the Chief Financial Officer

Enclosures: Corrected Invoices FL0163-00 and FL0283-00  
Invoice FL0395-00  
Invoice Summary Table

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In the FY 1999 final rule, we stated that leave time would be excluded from PM time billed under Part 170. For purposes of Part 170 fees for PMs, leave time includes approved leave, excused absences, and absences in a duty status. As stated in the FY 2000 fee rule, we have determined that NRC's Combined Federal Campaign activities are more appropriately identified as an excused absence (rather than "general administration") for fee billing purposes, and should be excluded from Part 170 assessments. Invoice FL0163-00 had to be adjusted for this reason in the amount of \$140. The balance due for Invoices FL0163-00 and FL0283-00 totals \$11,438. Interest will be waived if payment is received within 30 days from the date of this letter.

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OCFO/DAF RF (DAF 0-000)	
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Invoice File Nos. FL0163-00, FL0283-00, FL0395-00	

\*See previous concurrences.

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ENCLOSURE

INVOICE SUMMARY

<u>INVOICE NO.</u>	<u>ORIGINAL INVOICE AMOUNT</u>	<u>REVISED INVOICE AMOUNT</u>	<u>PAID</u>	<u>BALANCE DUE</u>
FL0163-00	\$59,220	\$44,212	\$37,842	\$6,370
FL0283-00	\$31,836	\$29,596	\$24,528	\$5,068
			Total:	<u>\$11,438</u>