

SUPPORTING STATEMENT
FOR
DOE/NRC FORM 742
"MATERIAL BALANCE REPORT"
and NUREG/BR-0007
"INSTRUCTIONS FOR COMPLETING MATERIAL BALANCE REPORT
AND PHYSICAL INVENTORY LISTING"
(3150-0004)

REVISION

Description of the Information Collection

NRC regulations require each licensee who is authorized to possess at any one time and location special nuclear material (SNM) in a quantity totaling more than 350 grams of contained uranium-235, uranium-233, or plutonium, or any combination thereof, to prepare and submit reports concerning SNM received, produced, possessed, transferred, consumed, disposed of, or lost. These reports are submitted March 31 and September 30 of each year for the majority of licensees. However, each NRC licensee who has been selected for the application of International Atomic Energy Agency (IAEA) safeguards under 10 CFR Part 75 is required to complete and submit DOE/NRC Form 742, "Material Balance Report," within thirty days after the start of a physical inventory. In addition, each licensee, Federal or State, who is authorized to possess, at any one time or location, 1,000 kilograms of source material, is required to file with the NRC annually a statement of foreign origin source material inventory. The instructions for completing Form 742 are in NUREG/BR-0007, "Instructions for Completing Material Balance Report and Physical Inventory Listing." Under the proposed rule (10 CFR Parts 70, 72, and 74, Material Control and Accounting), submittal of DOE/NRC Form 742 would be tied to the physical inventory instead of the specified dates of March 31 and September 30 of each year. This change would result in the majority of licensees submitting only one report a year instead of two. Only the two Category I licensees would continue to submit the forms twice a year. There is no change to the information being reported.

A. JUSTIFICATION

1. Need for and Practical Utility of the Collection of Information

In order for the United States to fulfill its responsibilities as a participant in the US/IAEA Safeguards Agreement and to satisfy bilateral agreements, e.g., with Australia and Canada, and its domestic safeguards responsibilities, it is necessary for licensees affected by 10 CFR Part 75 and related sections of Parts 30, 40, 50, 70, 72, 74, and 150 to submit accounting reports. The accounting reports for each IAEA material balance area must include material status reports based on a physical inventory of nuclear materials actually present.

10 CFR 75.35 requires that each licensee identified by the Agreement submit material status reports for each physical inventory taken as part of the material accounting and control procedures. A computer-readable DOE/NRC Form 742 is used for the collection of the information on the material balance of nuclear material.

2. Agency Use of the Information

NRC is required to collect nuclear material transaction information and make it available to the IAEA. The use of DOE/NRC Form 742, together with NUREG/BR-0007, the instructions for completing the form, enables NRC to collect, retrieve, analyze as necessary, and submit the data to IAEA to fulfill its reporting responsibilities. Use of this report form, in ADP format, enhances NRC's ability to collect and provide this data.

This information is needed to provide to various foreign Governments a periodic report showing the inventory of all materials in each U.S. facility that is subject to their respective Bilateral Agreements; to satisfy the terms of the US/IAEA Safeguards Agreement; and for the domestic inspection program.

3. Reduction of Burden Through Information Technology

NRC requires licensees using DOE/NRC Forms 741, 741A, 740M, 742, and 742C to submit such reports in a computer-readable format. This requirement eliminates the need for hard copy forms and reduces the burden on licensees through the use of current information technology. Currently, approximately 72 percent of licensees submit this information electronically.

4. Effort to Identify Duplication and Use Similar Information

In general, information required by NRC in reports or records concerning the transfer, receipt, or change in inventory of source or special nuclear material does not duplicate other Federal information collection requirements and is not available from any source other than applicants or licensees. Portions of the needed information might be contained in other information submittals to NRC or other Federal agencies. However, duplication, if any, is slight, and the collection of this information by use of specified forms and other required reports and records is the most effective and least burdensome means of obtaining the information.

Submission of similar information on the inventory of nuclear material to the Federal government has been minimized by NRC and the Department of Energy (DOE) jointly utilizing the Nuclear Materials Management and Safeguards System (NMMSS). Common reporting forms are used to minimize the reporting burden on industry members required to provide nuclear material data to one or both agencies in accordance with prevailing regulations or contractual obligations. The licensee is thus able to file one report to meet the requirements of both agencies. Compliance with specific reporting requirements is monitored by the agency for which the specific data are required.

5. Effort to Reduce Small Business Burden

This reporting requirement affects approximately 200 persons licensed by the NRC or an Agreement State to possess source or special nuclear material at certain types of facilities, or at any one time and location in amounts greater than specified amounts.

Most of these licensees are large, independent industrial firms, each with an estimated annual gross income of more than \$1 million and a staff of more than 500 people. The NRC has determined that the respondents are not small businesses as that term is used in the Regulatory Flexibility Act.

6. Consequences to Federal Program or Policy Activities if the Collection is Not Conducted or is Conducted Less Frequently

Affected licensees are currently required to submit reports semiannually (within 30 days of March 31 and September 30). The proposed rule would change the submittal from semiannually to annually for most licensees (two licensees would submit annually). This schedule is reasonable because the submission will now coincide with taking a physical inventory. Currently, licensees are required to submit the reports on specified dates. The collection and recording of data for inventory purposes is a continuing process that the licensee carries out throughout the year for the licensee's internal records. Currently, at the specified times for inventory reports, the licensee simply submits the accumulated data from the licensee's records, based either on book inventory or on data from a physical inventory, to NRC on Form 742. In the future, the data will be based on the physical inventory. The requirement to report within thirty days of the ending date is a reasonable measure to ensure timeliness in receipt of inventory data by NRC in order to maintain material accountability under its statutory responsibility pursuant to the Atomic Energy Act to assure protection of the common defense and security. Moreover, the US/IAEA Safeguards Agreement specifies that reports are to be submitted within 30 days following a physical inventory taking. The Canadian and Australian Bilateral Agreements require that reports be submitted yearly and twice yearly, respectively. The proposed rule would provide additional time for licensees to submit the reports, unless they are reporting under Part 75. Category I licensees would be required to submit the reports within 45 days of the beginning of the inventory and all other licensees would be required to submit the reports within 60 days of the beginning of the physical inventory.

If licensees are not required to submit these reports, NRC will not be able to maintain material accountability under its statutory responsibilities of the Atomic Energy Act.

7. Circumstances which Justify Variation From OMB Guidance

Contrary to OMB guidelines in 5 CFR 1320.5(d), 10 CFR 75.35 requires submission of the report within 30 days or less. This requirement is necessary to satisfy the terms of the US/IAEA Safeguards Agreement (INFCIRC/288).

8. Consultations Outside of NRC

Opportunity for public comment on the information collection requirements has been published in the Federal Register.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of Information

Some proprietary information may be included when necessary to provide an adequate response. An application to withhold such information from public disclosure may be made in accordance with the provisions of 10 CFR 2.790. If any of this information is of particular sensitivity, a request may be made that such information not be physically transmitted to the IAEA; such a request must refer to, and conform with, 10 CFR 74.12.

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

The burden for preparation and submission of each DOE/NRC Form 742 is estimated to be 45 minutes (0.75 hours). It is estimated, based on submittals to NRC in recent years, that approximately 198 licensees will each submit a DOE/NRC Form 742 once per year and two licensees will submit a Form 742 twice a year, resulting in a total of approximately 202 reports submitted annually. Currently, there are no facilities that will report every 9 months. Thus, the total burden for all licensees will be 152 hours. This is a reduction of 148 hours (300 - 152) from the currently approved burden.

The cost to licensees is calculated at a rate of \$143 per hour, based on NRC's fully recoverable fee rate. The annual cost to each respondent to comply with this requirement is estimated to be approximately \$107 (202 reports x 0.75 hours/report x \$143/hour). The total annual cost to all affected licensees is estimated to be approximately \$21,665.

13. Estimate of Other Additional Costs

None.

14. Estimated Annualized Cost to the Federal Government

The collection of information requires an average of 5 minutes/form of NRC staff time. For approximately 202 reports the collection requires 16.8 hours per year (5 minutes/report x 202 reports = 16.83 hours/year). Annual labor costs at \$143 per staff hour will be \$2,407. These costs are fully recovered through fee assessments to NRC licensees pursuant to 10 CFR Parts 170 and 171. Other costs are attributed to operating the Nuclear Materials Management and Safeguards System (NMMSS).¹

¹ NRC and DOE share the cost of operating the Nuclear Materials Management and Safeguards System (NMMSS). Current NRC cost of the system for FY 00 is \$1,336,000. This includes the cost of ADP, record holding, and clerical processing of all forms (DOE/NRC Forms 741, 741A, 740M, 742, and 742C).

15. Reasons for Change in Burden or Cost

Under the proposed rule, most licensees (all but 2) will now only be required to submit DOE/NRC Form 742 once a year instead of semiannually. This will result in reducing the burden by almost half.

16. Publication for Statistical Use

Results will not be tabulated or published.

17. Reason for Not Displaying the Expiration Date

The expiration date is displayed on DOE/NRC Form 742.

18. Exceptions to the Certification Statement

There are no exceptions.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods are not used in this collection of information.