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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

September 5, 2001

MEMORANDUM TO: James Turdici, Director
Division of Accounting and Finance
Office of Chief Financial Officer

FROM: James E. Lyons, Director
New Reactor Licensing Project Office
Office of Nuclear Reactor Regulation

SUBJECT: EXELON WHITE PAPER REGARDING ANNUAL FEES

On May 10, 2001, Exelon Generation Company (Exelon) submitted several white papers on legal and financial issues related to the licensing of a pebble bed modular reactor (PBMR) and requested feedback from the staff regarding the positions Exelon described in the papers. One of the white papers addresses an industry issue regarding 10 CFR 171, Annual Fees for Reactor Operating Licenses, which your office is responsible for a reply. Exelon requested one annual fee for up to 10 modular reactors that they consider to be one facility. Based on recent discussions, Exelon is interested in an estimate for the annual fee for a facility with up to 10 reactors with individual licenses, as well as if the 10 reactors have one license. In responding to this white paper, you have requested information on whether the expected level of generic staff effort, that is not directly billable, during reactor operation will be significantly different than the current operating reactors. This memorandum is in response to your request.

The staff is performing a Future Licensing and Inspection Readiness Assessment (FLIRA). Based on the scoping work for the FLIRA, we found that most of the expected work to prepare for new reactor licensing, such as updates to the construction inspection procedures, will be handled generically and not specific to any design. From information from Exelon, we understand that they intend to apply for a combined license (COL) followed by a design certification for the PBMR. Licensing issues that are PBMR-specific will be included in the COL staff review. Additionally, the design certification will codify the PBMR design. Both the COL and design certification reviews are direct fee-billable. Also, as a result of design certification, some possible generic staff activities, such as developing a PBMR-specific standard review plan, will not be necessary.

During initial startup and the beginning of operation, the staff may need to provide additional oversight to the PBMR because it is a new, unique, and first-of-a-kind design. These efforts are expected to be direct fee-billable. To support long-term operation, the staff may retain staff that have gas-cooled reactor or PBMR expertise. However, this should not be significantly different from the current practice of having staff with expertise on light water reactor (LWR) designs. In addition, a staff member may be able to serve a dual role with expertise in both PBMR and LWR technology. Therefore, additional staffing at headquarters to support PBMR operation may be minimal and the resources required to retain necessary staff should not be more than that required to retain staff for LWR reviews.

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Conversely, at this time, we cannot conclude whether the generic staff effort for each PBMR reactor will be substantially less than an existing operating reactor because of the new, unique, and first-of-a-kind design.

In summary, given the information currently available, we do not foresee a reason that would indicate that the generic staff effort during reactor operation for which the annual fees are charged will be significantly more than the current operating reactors, and it is undeterminable if the effort will be less than current operating reactors.