

DRAFT SUPPORTING STATEMENT
FOR
DOE/NRC FORM 742
"MATERIAL BALANCE REPORT"
AND NUREG/BR-0007
"INSTRUCTIONS FOR THE PREPARATION AND DISTRIBUTION
OF MATERIAL STATUS REPORTS"
(3150-0004)

EXTENSION

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. 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 an annual statement of source material inventory which is foreign obligated. The instructions for completing Form 742 are in NUREG/BR-0007, "Instructions for the Preparation and Distribution of Material Status Reports."

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 various bilateral agreements for nuclear cooperation with other countries 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, 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 the Australian, Canadian, and several other Governments a periodic report showing the inventory of all materials located at licensee facilities 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

There are no legal obstacles to reducing the burden associated with this information collection. The NRC encourages respondents to use information technology when it would be beneficial to them. NRC issued a regulation on October 10, 2003 (68 FR 58792), consistent with the Government Paperwork Elimination Act, which allows its licensees, vendors, applicants, and members of the public the option to make submissions electronically via CD-ROM, e-mail, special Web-based interface, or other means. It is estimated that approximately 99% of the potential responses are filed 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 is required.

5. Effort to Reduce Small Business Burden

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 required to submit reports annually. This schedule is reasonable because the submission will coincide with taking a physical inventory. 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. 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 NRC Form 742. The requirement to report within sixty days after completion of the inventory 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 by licensees selected and reporting pursuant to 10 CFR Part 75.

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 5CFR 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

During the previous clearance renewal a poll was conducted of a cross-section of licensees and the burden per response was re-estimated based on the responses. 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 2.390. 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 75.12.

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

The annual burden for a licensee for the preparation and submission of DOE/NRC Form 742 data is estimated to be 5 hours. This burden estimate is based on the results of a survey conducted during the previous clearance renewal. It is estimated, based on submittals to NRC in recent years, that 180 licensees will each submit DOE/NRC Form 742 data each year, resulting in a total of approximately 180 reports submitted annually. Thus, the total burden for all licensees will be 900 hours.

The cost to licensees is calculated at a rate of \$197 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 \$985 (1 report/licensee x 5 hours/report x \$197/hour). The total annual cost to all affected licensees is estimated to be approximately \$177,300 (\$985 X 180 reports).

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. Therefore, for approximately 180 respondents reporting annually, the estimated annualized cost to the Federal government will be 15 hours/year (5 minutes/report x 180 reports/year = 15 hours/year). Annual labor costs at \$197 per staff hour will be \$2,955. 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 FY05 is \$1,530,000. This cost is attributable to nuclear materials transaction and accounting report forms. This includes the cost of ADP, record holding, and clerical processing of all forms (DOE/NRC Forms 741, 740M, 742, and 742C).

15. Reasons for Change in Burden or Cost

The overall burden is reduced by 100 hours from 1,000 hours to 900 hours. This reduction is based on a reduction in the number of estimated responses from 200 to 180 responses (-20 responses x 5 hrs/response = 100 hours). The change in cost reflects an increase in the annual labor cost to the Federal Government from \$158 to \$197 for licensees.

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.