

FINAL SUPPORTING STATEMENT
FOR
DOE/NRC FORM 742C
"PHYSICAL INVENTORY LISTING"
(3150-0058)

EXTENSION

Description of the Information Collection

NRC regulations in 10 CFR Part 75 establish a system of nuclear material accounting and nuclear material control to implement the Agreement between the United States and the International Atomic Energy Agency (IAEA) for the Application of Safeguards in the United States. Each licensee under this Agreement must establish, maintain, and follow written material accounting and control procedures, including submission of material status reports. The material status report must include a computer-readable DOE/NRC Form 742C, "Physical Inventory Listing," that is used for the annual submission of the inventory of nuclear material. The instructions for completing Form 742C are in NUREG/BR-0007, "Instructions for the Preparation and Distribution of Material Status Reports," approved under OMB Clearance No. 3150-0004.

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 742C is used for the collection of the information on the physical inventory of nuclear material.

2. Agency Use of the Information

NRC is required to collect nuclear material inventory information and make it available to the IAEA. The use of DOE/NRC Form 742C, 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

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collect and provide this data. This information is needed 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 58791), 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 74% of the potential responses are filed electronically.

4. Effort to Identify Duplication and Use Similar Information

No sources of information are available. There is no duplication of requirements. NRC has in place an ongoing program to examine all information collections with the goal of eliminating all duplication and/or unnecessary information collection. NRC and the Department of Energy (DOE) are jointly utilizing the Nuclear Materials Management and Safeguards System (NMMSS) to process and store one form to meet the requirements of both agencies. This minimizes the reporting burden on industry members required to provide nuclear material data to both agencies.

5. Effort to Reduce Small Business Burden

Most of the licensees affected by reporting requirements using this form have 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 Form 742C. The requirement to report within sixty 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 the physical inventory 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 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

The opportunity for public comment on the information collection requirements has been published in the Federal Register on April 4, 2006 (64 FR 16837). No comments were received.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of the Information

Information on the form that respondents indicate is business or financially confidential may qualify for protection from disclosure under 10 CFR 2.390.

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

The annual burden for licensees' preparation and submission of DOE/NRC Form 742C data is estimated to be 6 hours. It is estimated, based on submittals to NRC in recent years, that 180 licensees will each submit DOE/NRC Form 742C data each year, resulting in a total of approximately 180 reports submitted annually. Thus, the total burden for all licensees will be 1,080 hours/year.

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 \$1,182 (6 hrs/report x 1 report x \$197/hr). The total annual cost to all affected licensees is estimated to be \$212,760 (\$1,182 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 semiannually, 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

15. Reasons for Change in Burden or Cost

The overall burden has not changed, and is based on a 2003 survey of seven licensees. 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

None.

17. Reason for Not Displaying the Expiration Date

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

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.

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).