REACTOR FEES WORKSHOP

October 30, 2008

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AGENDA

- Laws Governing NRC Fees
- NRC Budget Process
- Fee Process
  - Fee Rule Milestones
  - Fee Determination Methodology
  - FY 2008 Annual Fees - Power Reactors
  - Estimating Fees - Power Reactors
- Improving Licensees' Ability To Accrue NRC Fees

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LAWS GOVERNING NRC FEES

- **Independent Offices Appropriation Act (IOAA)**
  - **NRC is Authorized to Charge Fees for Services**
  - **Fee is Billed as Hours Expended Times NRC Professional Hourly Rate**
- **Omnibus Budget Reconciliation Act (OBRA-90), as Amended**
  - **NRC is Required to Recover Approximately 90 Percent of Its Budget**
  - **Annual Charges Reflect the Budgeted Costs of Providing Services to Licensees or Classes of Licensees**
  - **NRC Recovers Through Annual Fees the Budget Not Recovered Through Fees for Services under IOAA**

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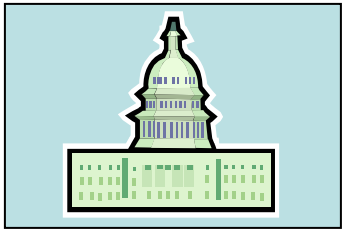
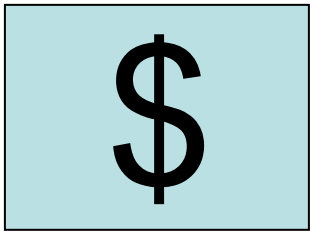
ANNUAL FEE CYCLE

Congress



Treasury

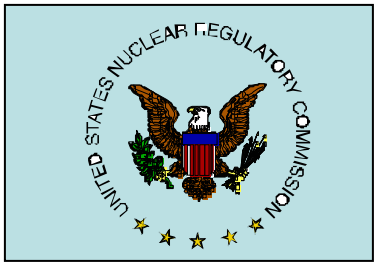


Congress Gives NRC Its Budget

Establishes Laws About Fee Collection

NRC Sends Fee Collections to Treasury

NRC



NRC Assesses and Collects Fees

NRC Applicants and Licensees

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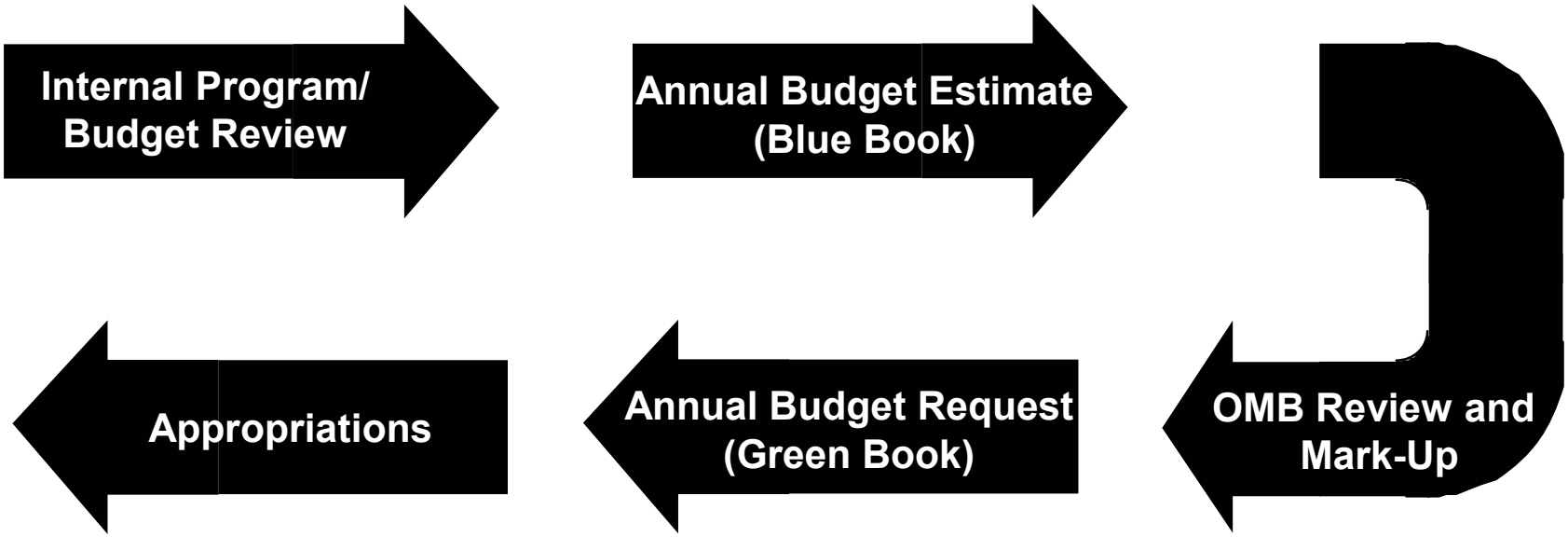
NRC BUDGET FORMULATION PROCESS



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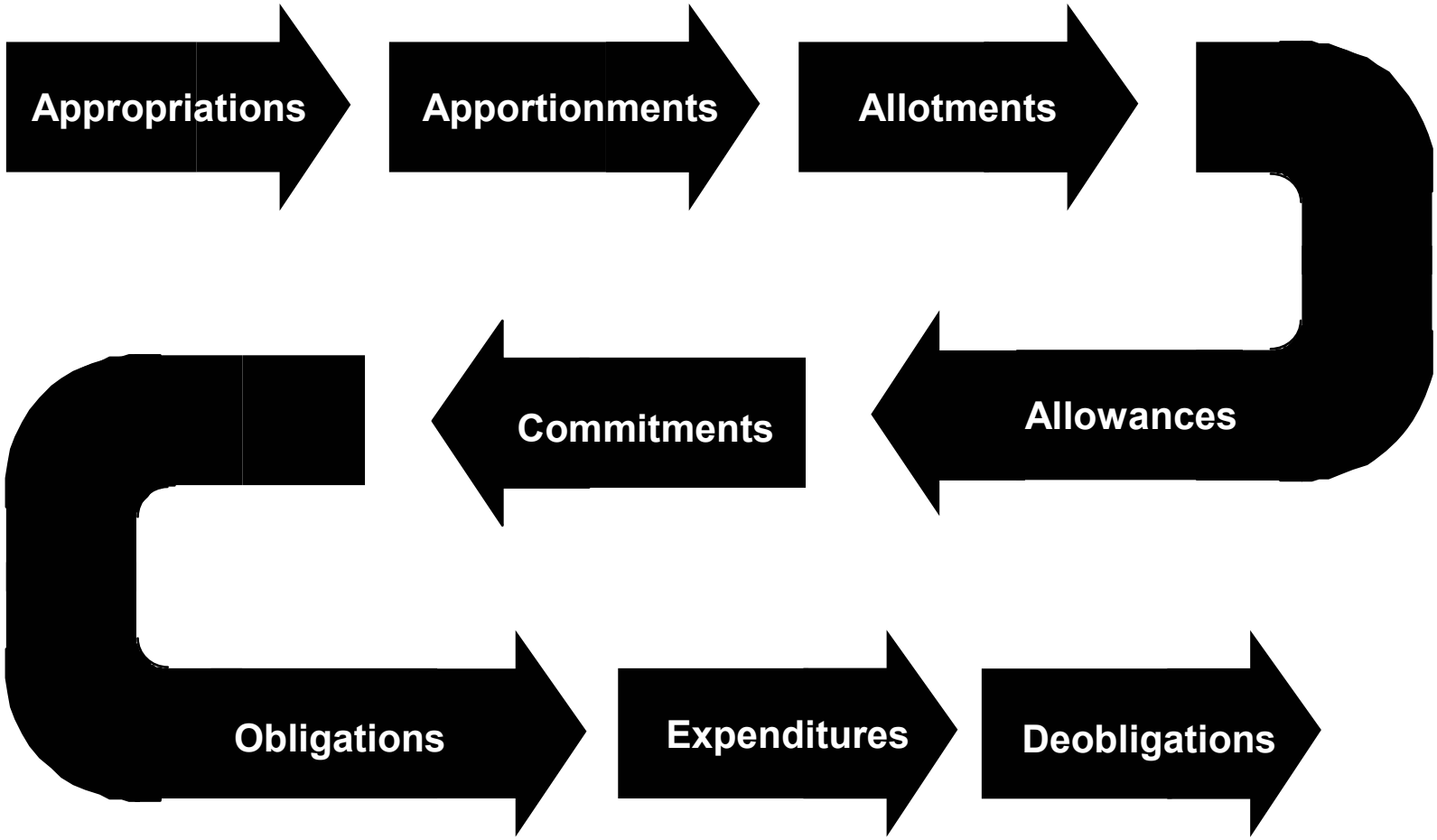
NRC Budget Execution Process



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FEE RULE MILESTONES

FY 2009 Fee Rule:

Preliminary Fee Calculations Complete	**Dec 08**
Proposed Fee Rule Published	**Feb 09**
30 Day Public Comment Period Ends	**Mar 09**
Final Fee Rule Published	**Jun 09**
Final Rule Effective	**Aug 09[1]**

[1] The prior year's (FY 2008) Hourly Rate will be used to bill Part 170 charges for most of FY 2009, (Oct thru' July). The Part 171, annual fee, invoice will be adjusted in the last quarter to ensure NRC recovers 90% of its budget authority by September 30, 2009

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FEE DETERMINATION METHODOLOGY

- **Fees Determined Each Year Based on Annual Budget Signed by the President**

- **Part 170 Hourly Rate for Fees for Services Based on Employee Budgeted Costs**

- **Part 171 Annual Fees Based on Total Budgeted Costs for the Class of License, Less Estimated Revenue from Part 170 Fees for Services**

- **Fee Determination Process**

  Step 1: Calculate the Fee Recoverable Amount
  Step 2: Calculate the Hourly Rate (10 CFR 170)
  Step 3: Calculate the Annual Fees (10 CFR 171)

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FY 2008
STEP 1: CALCULATE FEE RECOVERABLE AMOUNT

	FY 2008
Total Budget Authority (including OIG)	$926.1M[1]
Less, Nuclear Waste Fund	– $29.0M
Waste Incidental to Reprocessing	– $ 2.0M
Generic Homeland Security	– $29.4M
Subtotal	$865.7M
Total Amount to be Recovered @ 90%	$779.1M

	Operating Reactors [2]	Others[2]
Total Fees to be Collected	$677.4 (87%)	$83.3M (11%)

[1]The NRC annual budget authority signed by the President does not always match the NRC's budget request to Congress ("Green Book"). For example, the FY 2008 Green Book amounts for Budget Authority and Total Amount to be Recovered were $916.5M and $765.1M, respectively.

[2]The Total Amount to be Recovered is adjusted for excess prior year collections, and prior year unpaid invoices to compute Fees to be Collected ($779.1M, less $18.4M adjustment)

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FY 2008
STEP 2: CALCULATE FY 2008 HOURLY RATE

Mission Direct Program Salaries and Benefits	**$292.6M**
Mission Indirect Salaries and Benefits and Contract Activity	**$120.7M**
Agency Management and Support, and IG	**$266.2M**
Total Budget Included in the Hourly Rate	**$679.5M**

Mission Direct FTEs **2,079**

Budgeted FTE Rate per Direct FTE per Hour **$238 per Hour**
(Total Budget Included in the Hourly Rate
÷ (Mission Direct FTE × 1,371 Annual Direct Hours Per FTE)

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HISTORY OF ANNUAL DIRECT HOURS PER FTE

Annual Direct Hours Per Full-Time Equivalent (FTE) Reflects the Time Expended by NRC Staff Performing Activities Directly Associated With Programmatic Mission of the NRC

Estimate of the Direct Hours Based on NRC's Time and Labor Data for a Prior Year

FISCAL YEAR	FEE RECOVERABLE BUDGET	BUDGET INCLUDED IN THE HOURLY RATE CALCULATION	DIRECT HOURS PER FTE	REACTOR HOURLY RATE
2005	$540.7M	$441.8M (Reactors $353.9M)	1,446 hours	$205 per hour
2006	$624.0M	$509.2M (Reactors $416.1M)	1,446 hours	$217 per hour
2007	$669.2M	$603.6M	1,287 hours	$258 per hour (one rate)
2008	$779.1M	$679.5M	1,371 hours	$238 per hour (one rate)

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FY 2008
STEP 3: CALCULATE ANNUAL FEES FOR POWER REACTORS

Total Budgeted Reactors Resources	$698.8M
Less, Excess 10% Fee-Relief	-$5.9M
Adjustments[1]	-$16.5M
Recoverable Amount from Reactors	$677.4M
Less: Part 170 Revenue Estimate	-$258.1M
Total Required Annual Fee Recovery	$419.3M
Annual Fee per Reactor for 104 Reactors	$4.0M

[1]Includes Operating Power Reactors portion of the prior year's excess collections of approximately $12 million.

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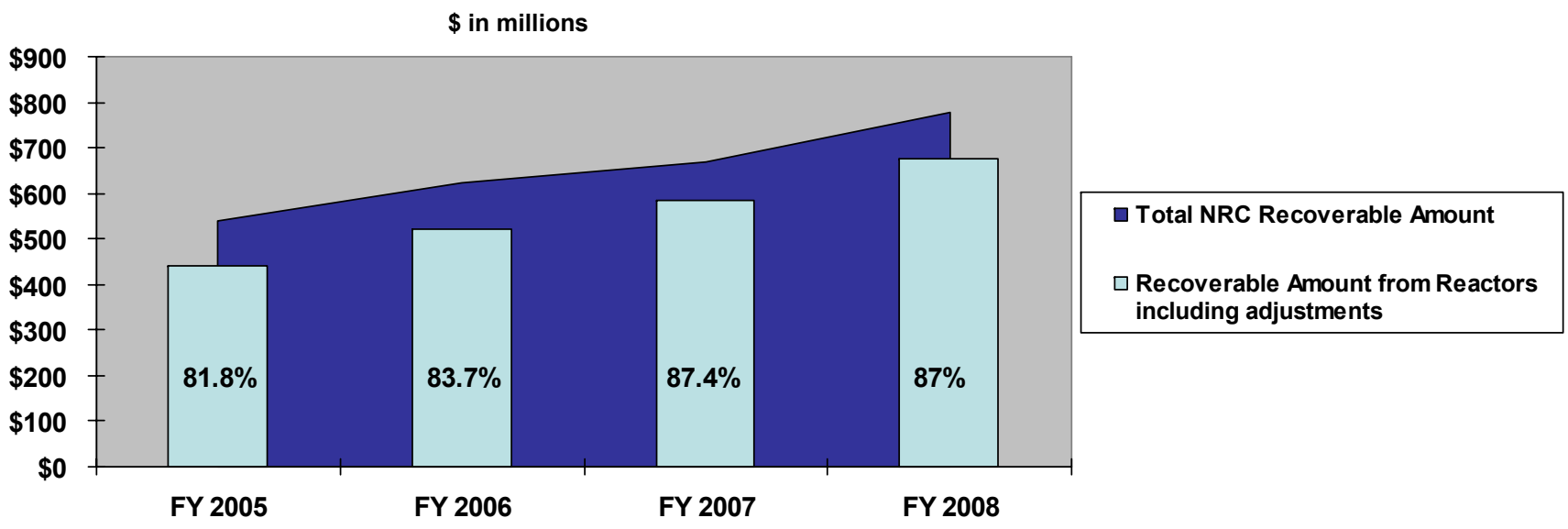
ESTIMATING FEES

1. Estimate Recoverable Amount from Power Reactors

SUGGESTION: Use 87% of the Total NRC Recoverable Amount (see slide 9)



Note: For FY 2008 Recoverable Amount from Reactors was reduced by $22.4M for adjustments related to excess fee-relief, allocated transportation, and excess fee collections.

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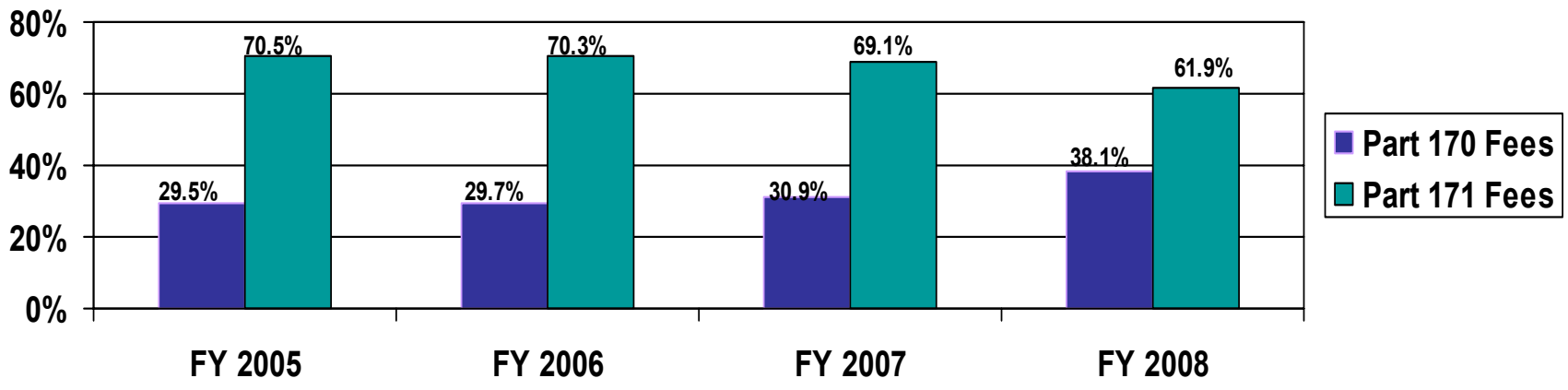
ESTIMATING FEES

2. Estimate Part 170 Fees for Reactors

SUGGESTION: Use 38% of the Recoverable Amount from Reactors



Note: For FY 2008, of the Recoverable Amount from Reactors, Part 170 fees was $258.1M (38.1%) and Part 171 fees was $419.4M (61.9%).

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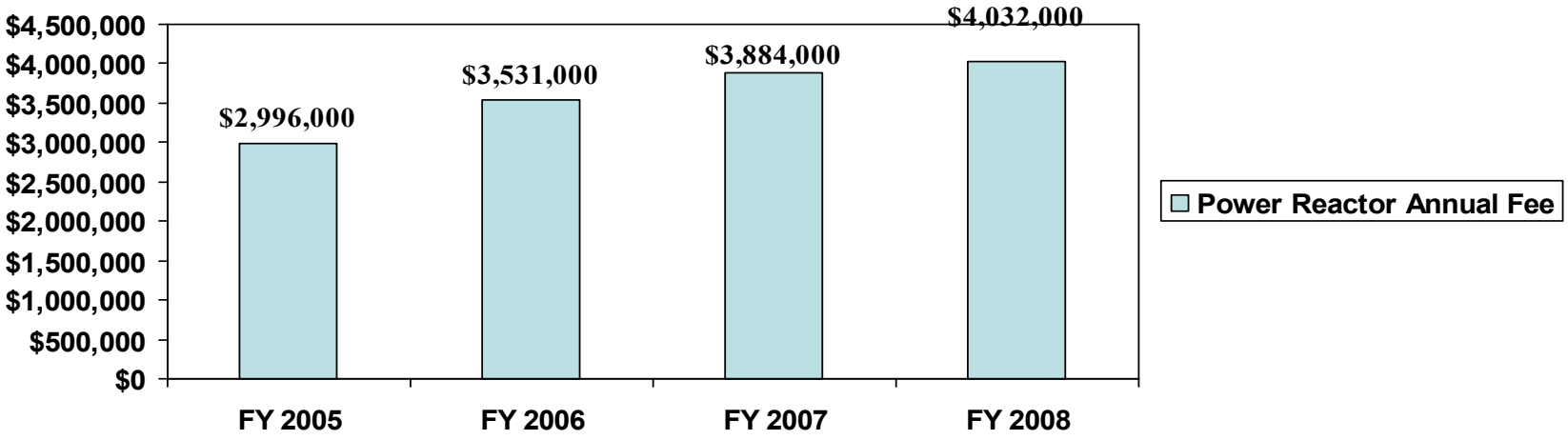
ESTIMATING FEES

3. Estimate Annual Fee Amount Per Power Reactor License

SUGGESTION: Use 62% of Recoverable Amount from Reactors to Compute the Part 171 Fee Recovery Amount From Power Reactors.

Divide This Amount by the Number of Power Reactor Licensees (104 Reactors) to Calculate the Annual Fee Per Operating Power Reactor



Note: **For FY 2008, Part 171 Fee Recovery Amount of $419.3M for Reactors, divided by 104 operating reactors yielded a fee of $4.032M. This amount excludes the spent fuel and reactor decommissioning additional charge of $0.14M also billed to the operating reactor annual fee.**

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ESTIMATING FY 2009 ANNUAL FEE

NRC Appropriation	Total Recovered from Operating Reactors	Percentage of Part 170 for Operating Reactors	Annual Fee per Operating Reactor for 104 reactors
FY 2009 Green Book	$744.3M	36%	$4.6M
FY 2009 Full Year CR*	$690M	36%	$4.2M
FY 2009 Green Book	$744.3M	38%	$4.4M
FY 2009 Full Year CR*	$690M	38%	$4.1M
FY 2009 Green Book	$744.3M	40%	$4.3M
FY 2009 Full Year CR*	$690M	40%	$3.9M

*Assumption: FY 2009 Full Year Continuing Resolution (CR) Will Be Appropriated at the Same Level as FY 2008

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IMPROVING LICENSEES' ABILITY TO ANTICIPATE NRC FEES

- **NRC Invoices Power Reactors for Part 170 Fees Every Quarter**
- **National/Regional Utility Group (NRUG) Requested**
  - **Billable Hours Recorded for Inspection Activities Every Month**
- **NRC is Considering a Pilot**
  - **Beginning January 2009 for three months**
  - **Having a Monthly Report Available With Number of Inspection Hours for Each Plant Site**
  - **NRC POC – Armando Masciantonio**
    - **Armando.Masciantonio@nrc.gov**
    - **301.415.1290**
- **Considerations for Future Implementation**
  - **Level of NRC Staff Effort**
  - **Benefit to Licensees**