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Regulatory Analysis Guidelines of the U.S. Nuclear Regulatory Commission

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5. Adverse effects on regulatory efficiency or scientific knowledge needed for regulatory purposes, and
6. Adverse effects on the efficient functioning of the economy and private markets.

Impact estimates should be included for incremental impacts associated with each alternative. When applicable, the estimation of impacts should include information on both installation and continuing costs, including the cost of facility downtime or the cost of construction delay. Sunk costs may be identified but should not be included in the evaluation of impacts or the presentation of the results of the evaluation. Impacts should be estimated from society's perspective. Transfer payments such as insurance payments and taxes should not be included as impacts because they do not involve consumptive use of real resources (Ref. 6,11). However, if a proposed action being analyzed has as its major impact, a requirement that would produce additional costs for items generally considered transfer payments, the regulatory analysis needs to consider values and impacts from a sectoral perspective and, in this context, these costs should be identified and included in the regulatory analysis. (An example would be a regulatory action whose sole impact would be to require licensees to carry additional insurance.) Information on identifying transfer payments is included in the Handbook. In addition, depreciation is an accounting concept that should not be included as an impact.

In analyzing impacts, the staff also has to be sensitive to the true impact (cost) to licensees. For example, the practice of allocating no replacement energy costs by claiming that the requirement can be accomplished during a regularly scheduled outage is not always practical or reasonable. In reality, the cumulative effect of all new requirements can add incremental downtime, and therefore, analysts should attribute appropriate replacement energy cost penalties to their respective regulatory actions, if appropriate. Further, for new requirements that have extremely high implementation costs or that will greatly increase operating costs, the analyst needs to consider the possibility that the imposition of these impacts may result in some facilities no longer being economical to operate and, thus, having to terminate operations. The Handbook should be consulted for additional

information related to potential premature facility closures.

4.3.3 Evaluation of Values and Impacts

The evaluation of quantified estimates of the values and impacts associated with a proposed regulatory action involving NRC licensee's generally involves expressing values and impacts on a common basis, for example, constant dollars from a reference year. Because the values and impacts need to be estimated for the entire period that members of society will be affected by the proposed regulatory action, a present-worth basis is normally used to allow meaningful summations and comparisons. Although this approach provides a rational basis for evaluating values and impacts, it has a number of complexities and controversies.

In order to place all values and impacts on a common basis, a conversion factor is needed that reflects the monetary worth of a unit of radiation exposure. The currently recommended value for this dollar conversion factor is \$2000 per person-rem.²⁰ This dollar value only captures the health effects attributable to radiological exposure. In select regulatory applications, such as certain severe power reactor accident scenarios, a radiological release could also result in offsite property consequences whose monetary consequences would need to be addressed separately and treated as an additive factor in the overall value-impact assessment. The basis for the NRC's new conversion factor policy is provided in "Reassessment of NRC's Dollar Per Person-Rem Conversion Factor Policy", (to be published as NUREG-1530). Guidance on how the dollar per person-rem conversion factor is to be applied as well as guidance on valuing offsite property consequences will be included in the Handbook.

To provide meaningful summations, consistent with OMB guidance, all values and impacts, including public health and safety, are to be expressed on a present-worth basis. The principle for regulatory analysis is that future health effects should be valued the same as current effects and

²⁰The \$2000 per person-rem conversion factor will be subject to periodic review by the NRC based on changes to the underlying assumptions. The dollar per person-rem conversion factor will only be adjusted if changes in the underlying parameters cause the base conversion factor (when rounded to the nearest thousand dollars) to shift up or down by a thousand dollars or more. Any future change in the dollar per person-rem conversion factor will be noted in subsequent revisions to the Handbook.