

WRITTEN STATEMENT
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TO THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
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Mr. Chairman, Ranking Member, and Members of the Subcommittee, I am honored to appear before you today to discuss the Fiscal Year (FY) 2013 budget request for the U. S. Nuclear Regulatory Commission (NRC) and to respond to any questions that you may have.

The U.S. Nuclear Regulatory Commission (NRC) is an independent Federal agency established to license and regulate the Nation's civilian use of byproduct, source, and special nuclear materials (SNM) to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment. The NRC has formulated its Fiscal Year (FY) 2013 Congressional Budget Justification to support the agency's safety and security strategic goals and outcomes.

The NRC's safety goal is to ensure adequate protection of public health and safety and the environment. The agency's safety program outcomes are to prevent the occurrence of any nuclear reactor accidents, inadvertent criticality events, acute radiation exposures, or significant releases of radioactive materials. The security goal is to ensure the secure use and management of radioactive materials. The security program outcomes are to prevent any

instances where licensed radioactive materials are used in a malicious manner and to thwart attempts to sabotage licensed facilities or divert special nuclear material.

To fulfill its responsibility to protect public health and safety, the NRC performs the following regulatory functions: developing regulations and guidance for applicants and licensees; licensing or certifying applicants to use nuclear materials, operate nuclear facilities, and decommissioning facilities; inspecting and assessing licensee operations and facilities to ensure that licensees comply with NRC requirements and taking appropriate follow-up or enforcement actions when necessary; evaluating operations experience of licensed facilities and activities; and conducting research, holding hearings, and obtaining independent reviews to support regulatory decisions.

I am very proud that the NRC once again scored among the top tier of Federal agencies in the 2011 Best Places to Work in the Federal Government rankings. Since 2011 was a very challenging year for the NRC, especially with the Fukushima-Daiichi emergency in Japan, the ranking was a particularly significant recognition for the agency. I am extraordinarily proud of the outstanding job that the NRC staff has done, and continues to do, to ensure the public health and safety.

Additionally, the agency's focus on improved budget execution strategy has resulted in a significant decrease in unobligated carryover. Between FY 2009 and FY 2011 the NRC reduced total unobligated carryover by 45% from \$71.7 million in FY 2009 to \$32.3 million in FY 2011. This represents approximately 3% of the agency's total annual appropriation.

Specifics of the FY 2013 Budget Request

The NRC's FY 2013 Congressional Budget Justification provides the necessary resources for the Nuclear Reactor Safety and Nuclear Materials and Waste Safety Programs to carry out the agency's mission and achieve the stated goals and desired outcomes for the American public. The NRC's proposed FY 2013 budget is \$1,053 million, including 3,951 full-time equivalents (FTE), which represents an increase of \$15 million, and a decrease of 25 FTE, when compared with the FY 2012 enacted budget. The FTE reduction is primarily in the administrative support areas (financial management, human resources management, IT/IM, administration) as a result of the agency's focus on optimizing its business practices to achieve efficiencies and enhance corporate effectiveness.

The Office of the Inspector General's component of the FY 2013 proposed budget is \$11 million and includes resources to carry out its mission to independently and objectively conduct audits and investigations to ensure the efficiency and integrity of NRC programs and operations and to promote cost-effective management.

Pursuant to the provisions of the Omnibus Budget Reconciliation Act of 1990, as amended, the NRC's FY 2013 budget provides for 90 percent fee recovery, less the amounts appropriated for (1) Waste Incidental to Reprocessing Activities under Section 3116 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 and (2) generic homeland security activities.

Accordingly, \$925 million of the FY 2013 budget will be recovered from fees assessed to NRC licensees. This will result in a net appropriation of \$129 million, which is level with the FY 2012 enacted budget. Consistent with OMB guidance, the NRC's FY 2013 budget request includes a 0.5 percent pay raise.

Nuclear Reactor Safety

The Nuclear Reactor Safety Program encompasses NRC efforts to license, regulate, and oversee civilian nuclear power, research, and test reactors in a manner that adequately protects public health and safety and the environment. This program also provides high assurance of the physical security of facilities and protection against radiological sabotage. This program contributes to the NRC's safety and security goals through the activities of the Operating Reactors and New Reactors Business Lines that regulate existing and new nuclear reactors to ensure their safe operation and physical security.

Overall resources requested in the FY 2013 budget for the Nuclear Reactor Safety Program are \$810 million, including 3,000 FTE. This funding level represents an overall increase of \$10 million when compared with the FY 2012 enacted budget. Funding also includes approximately \$10 million to support the implementation of the Near-Term Task Force's recommendations.

Operating Reactors

The Operating Reactors Business Line supports the licensing, oversight, rulemaking, international activities, research, and event response associated with the safe and secure operation of 104 civilian nuclear power reactors and 31 research and test reactors (RTRs). The FY 2013 budget request for Operating Reactors is \$545 million, including 2,075 FTE. This represents an overall funding increase of \$10 million, including a decrease of 26 FTE, when compared with the FY 2012 enacted budget. The major activities that the requested resources will support include the following:

- Conduct activities in response to the Fukushima lessons learned and long-term review.
- Conduct technical review for 950 licensing actions, including the review of approximately 11 power up-rates and approximately 25 ongoing National Fire Protection Association 805 reviews for the approximately 45 reactors that will be in transition to a risk-informed, performance-based set of requirements.
- Continue review of eight license renewal applications and three new applications.
- Conduct 10 high-priority rulemaking activities, support review of approximately 15 petitions for rulemaking (PRMs), including issuance of five closure packages.
- Conduct critical Research and Test Reactor project management functions pertaining to license renewal applications.
- Continue inspection activities for the 104 operating nuclear power plants, including the component design-basis inspections, fire protection inspections, and generic issues inspections (approximately 100 per year).
- Continue resident inspector initiative to maintain an experienced and stable onsite inspection presence of qualified resident inspectors at the 104 nuclear power plants.
- Conduct domestic and international security reviews and support for screening of approximately 3,000 national and international operational events with detailed evaluation of approximately 200 of those events.
- Evaluate licensee emergency preparedness during biennial exercises that include assessment of offsite response activities by the Federal Emergency Management Agency.

New Reactors

The New Reactors Business Line supports the licensing, oversight, rulemaking, international activities, and research associated with the safe and secure development of new power reactors from design, site approval, and construction to operational status. The FY 2013 budget request for New Reactors is \$265 million, including 925 FTE. This is approximately the same as the FY 2012 enacted budget. The major activities that the requested resources will support include the following:

- Perform licensing and hearing support for review of 10 combined operating licenses (COLs).
- Continue review of two new design certifications (DCs); continue review of one DC renewal; and start the review of three new DCs.
- Review two early site permit applications and begin review of two new applications expected in FY 2013.
- Support licensing amendment requests for post-COL activities. The NRC expects that at least 10 percent of amendments will be for design changes associated with resolving first-of-a-kind construction issues.
- Provide oversight of six reactors expected to be under construction.
- Continue inspection of construction and preoperational testing activities for Watts Bar 2 to support decision on operation in FY 2013.
- Perform work on three high-priority rulemakings and one medium-priority rulemaking.
- Perform work associated with advanced reactor technologies and preapplication reviews for small modular reactors.

NUCLEAR MATERIALS AND WASTE SAFETY

The Nuclear Materials and Waste Safety Program encompasses the NRC's effort to license, regulate, and oversee nuclear materials and waste in a manner that adequately protects public health and safety and the environment. This program provides high assurance of physical security of the most risk-significant materials and waste and protection against radiological sabotage, theft, or diversion of nuclear materials.

Through this program, the NRC regulates uranium processing and fuel facilities; research and pilot facilities; nuclear materials users (medical, industrial, research, academic); spent fuel storage; spent fuel storage casks and transportation packaging; decontamination and decommissioning of facilities; and low-level and high-level radioactive waste. The program contributes to the NRC's Safety and Security goals through the activities of the Fuel Facilities, Nuclear Materials Users, Spent Fuel Storage and Transportation, and Decommissioning and Low-Level Waste Business Lines regulating byproduct, source, and SNM.

Overall resources requested in the FY 2013 budget for the Nuclear Materials and Waste Safety Program are \$232 million, including 870 FTE. This funding level represents an overall funding increase of \$5 million when compared with the FY 2012 enacted budget.

Fuel Facilities

The Fuel Facilities Business Line supports licensing, oversight, rulemaking, international activities, research, generic homeland security, and event response associated with the safe and secure operation of various operating and new fuel facilities such as conversion, enrichment, and fuel fabrication facilities, and nuclear fuel research and pilot facilities. The FY 2013 budget request for Fuel Facilities is \$56 million, including 227 FTE. The major activities that the requested resources will support include the following:

- Conduct licensing and oversight activities associated with fuel facilities and licensees with greater than critical mass quantities of SNM.
- Operate and maintain the Nuclear Material Management and Safeguards System database and the Nuclear Materials Information Program.
- Perform emergency response preparedness, security, and licensee performance reviews.

- Conduct licensing, certification, inspection, oversight, environmental review, research, adjudicatory, enforcement, allegation, and other regulatory activities associated with new and operating fuel facilities, including uranium conversion and enrichment and fuel fabrication.
- Provide significant oversight of construction activities at numerous fuel facilities.
- Improve the fuel cycle oversight process and infrastructure to make them more effective, efficient, risk-informed, performance-based, transparent, and predictable.

Nuclear Materials Users

The Nuclear Materials Users Business Line supports the licensing, oversight, rulemaking, international activities, research, event response, and Agreement State activities associated with the safe and secure possession, processing, handling, and use of nuclear materials for the many and diverse uses of these materials. The FY 2013 budget request for Nuclear Materials Users is \$93 million, including 342 FTE, reflecting a flat budget when compared with the FY 2012 enacted budget. The major activities that the requested resources will support include the following:

- Complete 2,500 materials licensing actions and 1,000 routine health and safety inspections. Conduct event evaluation, research, incident response, allegation, investigations, enforcement, and rulemaking activities to maintain the regulatory safety and security infrastructure needed to process and handle nuclear materials.
- Perform materials activities related to State, Tribal, and Federal programs, including oversight, technical assistance, regulatory development, and cooperative efforts.
- Operate the National Source Tracking System (NSTS), a secure, Web-based, nationalized central registry designed to enhance the accountability for radioactive sources.
- Provide maintenance and operation support for the Integrated Source Management Portfolio, which includes three core systems (NSTS, Web-Based Licensing, and License Verification System) to track risk significant sources and other radioactive materials.
- Conduct Integrated Materials Performance Evaluation Program reviews (10–12), continue outreach to potential new Agreement States and process new agreements (1), and process Agreement State incidents or events (50). Complete reviews and make decisions on import/export authorizations of nuclear components and radiological materials.
- Conduct investigations of wrongdoing, materials-related enforcement actions, oversight of the Alternative Dispute Resolution and Allegation Programs, and external safety culture program activities.

Spent Fuel Storage and Transportation

The Spent Fuel Storage and Transportation Business Line supports the licensing, oversight, rulemaking, international activities, research, and event response associated with the safe and secure storage and transportation of spent nuclear fuel (SNF). The FY 2013 budget request for Spent Fuel Storage and Transportation is \$45 million, including 162 FTE. This represents an overall funding increase of approximately \$4 million when compared with the FY 2012 enacted budget. The major activities that the requested resources will support include the following:

- Review license requests for site-specific independent spent fuel storage installations (ISFSIs), storage and transport cask designs, transportation security plans, and route approvals to support safe and secure domestic and international transportation of radioactive materials, regulatory requirements for full-core offload capability at operating reactor sites, and transfer of spent fuel to ISFSIs to support reactor decommissioning.
- Identify and implement regulatory improvements to the proficiency and effectiveness of the licensing, inspection, and enforcement programs associated with the storage and transportation of SNF.
- Inspect storage cask and transportation cask vendors, fabricators, and designers and ISFSI pad construction, dry-run operations, initial loading operations and routine operations to ensure safety.
- Resolve technical issues associated with allowance of burnup credit for transportation and storage casks and the transportation and storage of high-burnup fuels (greater than 45 gigawatt-days/metric tons of uranium).
- Develop and execute a plan to develop a long-term waste confidence rule for the handling and extended storage of SNF for more than 60 years after a reactor's licensed life.
- Identify and resolve regulatory issues associated with extended storage and transportation of SNF and initial development of a licensing regulatory framework to accommodate alternative geologic disposal or other disposition options in response to changes in the national program for high-level waste management.
- Conduct rulemaking efforts on ISFSIs that will provide consistent regulation for the various types and locations.
- Coordinate with domestic and international partners on the safety and security of storage and transport.

Decommissioning and Low-Level Waste

The Decommissioning and Low-Level Waste Business Line supports the licensing, oversight, rulemaking, international activities, and research associated with the safe and secure operation of uranium recovery facilities, removal of a nuclear facility from service and reduction of residual radioactivity to a level that permits release of the property and termination of the NRC license, and the disposition of low-level radioactive waste from all civilian sources. The FY 2013 budget request for Decommissioning and Low-Level Waste is \$38 million, including 139 FTE. This represents an overall funding increase of about \$1 million when compared with the FY 2012 enacted budget. The major activities that the requested resources will support include the following:

- Conduct project management and technical reviews for decommissioning activities for 13 power and early demonstration reactors, 9 RTRs, 22 decommissioning complex materials facilities, and 38 decommissioning uranium recovery facilities.
- Work on 8 environmental and 11 safety reviews (hearings included) of applications, as well as licensing activities associated with 14 operating uranium recovery facilities.
- Provide assistance to the International Atomic Energy Agency (IAEA), the Nuclear Energy Agency, the IAEA's Waste Safety Standards Committee, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management for the preparation and updating of safety guides and standards.
- Provide oversight of certain U.S. Department of Energy waste determination activities and plans consistent with the NRC's responsibilities in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 to conduct Waste Incidental to Reprocessing activities.

Mr. Chairman, Ranking Member, and Members of the Subcommittee, this concludes my formal testimony on the NRC's FY 2013 budget request. On behalf of the Commission, thank you for the opportunity to appear before you. I look forward to continuing to work with you to advance the NRC's important safety mission. I would be pleased to respond to any questions that you may have. Thank you.