

FINAL 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)

REVISION

Description of the Information Collection

U.S. Nuclear Regulatory Commission (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 one gram 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 Title 10 of the *Code of Federal Regulations* (10 CFR) Part 75 is required to complete and submit Department of Energy (DOE)/NRC Form 742, "Material Balance Report," within 30 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 kilogram of foreign obligated 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."

The collection is being revised to include the approximate 25 additional licensees required to report pursuant to the U.S.-IAEA Caribbean Territories Safeguards Agreement, INFCIRC/366.

A. JUSTIFICATION

1. Need for and Practical Utility of the Information Collection

In order for the United States to fulfill its responsibilities as a participant in the U.S.-IAEA Safeguards Agreements 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. These reports are required to be submitted to the IAEA annually. The annual 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 annual 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 Information

The 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 computer-readable report form 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 U.S.-IAEA Safeguards Agreements; 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 99 percent of the potential responses are filed electronically.

Form 742 is used by both NRC and the DOE. The NRC provides the form and instructions to all affected licensees, who must submit reports in computer readable format. Once submitted by licensees, information from these forms is saved in the NMMSS. Common reporting forms are used to minimize the reporting burden on industry members required to provide 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 are required.

4. Effort to Identify Duplication and Use Similar Information

No sources of similar information are available. There is no duplication of requirements. In addition, the use of common reporting forms by DOE and NRC minimizes the reporting burden on industry members required to provide nuclear material data to one or both agencies.

5. Effort to Reduce Small Business Burden

Approximately 180 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 reporting burden for larger inventories is estimated to be 5 hours or less per licensee. The remaining approximately 205 licensees are facilities that maintain smaller inventories, less than 350 grams of nuclear material. Due to the smaller inventories, the reporting burden is estimated to be 2 hours or less per licensee.

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. This is required by Title 10 of the Code of Federal Regulations (10 CFR) Parts 74 (section 74.13) and 75 (sections 75.31, 75.32, 75.33, and 75.35). 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 DOE/NRC Form 742. The requirement to report within 60 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 U.S.-IAEA Safeguards Agreements 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 the Office of Management and Budget (OMB) Guidelines

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 U.S.-IAEA Safeguards Agreements.

8. Consultations outside NRC

Opportunity for public comment on the information collection requirements for this clearance package was published in the *Federal Register* on October 28, 2016 (81 FR 75167). In addition, six general licensees who are likely to be impacted by the final rule were emailed as part of the public consultation process. No comments were received.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of Information

Confidential and proprietary information is protected in accordance with NRC regulations at 10 CFR 9.17(a) and 10 CFR 2.390(b).

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated of Annualized 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 2 or 5 hours, depending on the size of the licensee. This

estimate includes time for reading the instructions for completing Form 742 (NUREG/BR-0007), "Instructions for the Preparation and Distribution of Material Status Reports." It is estimated, based on NRC staff knowledge of the industry and submittals to NRC in recent years that 385 licensees (180 large licensees and 205 small licensees) will each submit DOE/NRC Form 742 data each year, resulting in a total of approximately 385 reports submitted annually. For the smaller licensees, the burden will total to 410 hours (205 reports x 2 hours/report). For the larger licensees, the burden will total to 900 hours (180 reports x 5 hours/report). Thus, the total burden for all licensees will be 1,310 hours. At a cost of \$265/hr, the total cost is \$347,150 (1,310 hours x \$265/hr).

13. Estimate of Other Additional Costs

There are not additional costs.

14. Estimated Annualized Cost to Federal Government

The collected information is not submitted to the NRC. Licensees report directly to the DOE Nuclear Materials Management and Safeguards System (NMMSS) contractor. The data contained in the NMMSS is available to various NRC staff that uses it to perform their assigned job functions. The NRC costs for NMMSS operations were approximately \$1,600,000 during fiscal year 2015. This monetary value reflects the use of NMMSS for the collection of Form 742 data, in addition to other data collections and operations.

15. Reason for Change in Burden or Cost

There has been an increase in the burden for this collection of 50 hours from 1,260 to 1,310 hours. These increases are because changes to Title 10 of the Code of Federal Regulations to implement the U.S.-IAEA Caribbean Territories Safeguards Agreement will require approximately 25 new small entities to fill out existing OMB-approved forms related to nuclear material accounting information to fulfill the obligations of the safeguards agreement.

16. Publication for Statistical Use

None.

17. Reason for Not Displaying the Expiration Date

Not applicable.

18. Exceptions to the Certification Statement

None.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS.

Statistical methods are not used in this collection of information.