

FY 2017 Fee Rule Public Meeting on February 16, 2017

Maureen Wylie, NRC Chief Financial Officer, opened the meeting and thanked those present for attending. Ms. Wylie explained that the purpose of the meeting was to highlight the NRC's FY 2017 fee rule and to enhance the dialogue about fees. She emphasized that the Fee Rule was published much earlier than was the case in previous years, one of the first elements of the fee transformation commitments made by NRC. Ms. Wylie indicated that the hourly rate was rising slightly to \$267 per hour up from the \$265 per hour 2016 rate. She said that most fees were to go down, but stated that there were a few areas where they would increase. Ms. Wylie gave an overview of the agenda for the meeting. She discussed the situation associated with not yet having an appropriation for FY 2017, saying that the NRC's Congressional Budget Request as modified by Commission direction is the basis of the draft Fee Rule. As required by the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended, Ms. Wylie stated that the NRC has to collect \$833.4 million in hourly and annual fees for FY 2017, a nearly \$50 million reduction from FY 2016. Ms. Wylie stated that while public comments on the Fee Rule are solicited each year, she said that some comments may be received that are beyond the scope of the Fee Rule area and should be directed through the appropriate venue. She emphasized that the agency fee transformation effort seeks to provide increased efficiency, transparency, and accountability.

Sheila Ray, Senior Electrical Engineer, Office of Nuclear Reactor Regulation, facilitated the meeting and explained the objectives of the Category 2 public meeting, which included NRC interaction with stakeholders during designated times on the agenda and the process to submit comments on the FY 2017 Proposed Fee Rule.

Maureen Wylie, NRC Chief Financial Officer, began a detailed presentation of the FY 2017 budget process and its connection to the proposed Fee Rule. She mentioned how Project Aim and its rebaselining of the agency's work guided budget formulation, stating that many internal and external stakeholder comments regarding this. The agency saved approximately \$40 million in the FY 2017 budget process. Ms. Wylie said that NRC projects to have future savings in FY 2018 and beyond, bringing total savings to about \$50 million. For FY 2017, reductions associated with the Fukushima Near Term Task Force, combined operating licenses for new reactors, rulemaking, and research were partially offset by increases of \$5 million for advanced reactors, medical isotope facilities, and the receipt of at least one consolidated storage facility application. Ms. Wylie discussed the increase related to NRC's support activities, notably, the modernization of the accounting system. She reiterated the difficulty of constructing a Fee Rule in light of the agency operating under a Continuing Resolution, producing uncertainty with respect to a Final Fee Rule. With the expectation that a final budget would not be authorized until at least April 28th, Ms. Wylie said that this could provide some risk with respect to being able to collect 90 percent in the year.

Andrea Kock, Deputy Director, Office of Nuclear Materials Safety and Safeguards, Division of Decommissioning, Uranium Recovery, and Waste Programs, presented details regarding the Uranium Recovery product line in the budget. She gave an overview of the products falling within Uranium Recovery. Ms. Kock said that there are substantial activities under International Activities and Research as well as for Agreement States. She said that workload forecasting is based upon the number of operating facilities and the letters of intent that are received for possible licensing applications. She stated that the near 10 percent increase in the annual fee for uranium recovery was tied to increased environmental and safety reviews, additional licensing and oversight of licensed facilities, and increased hearings.

Michele Kaplan, License Fee Policy Team Leader, Office of the Chief Financial Officer, explained the FY 2017 Proposed Fee Rule, as directed by OBRA-90, as amended. After deducting amounts for various activities from the FY 2017 budget authority of \$952.1 million, such as Waste Incidental to Reprocessing, the Office of the Inspector General, and Generic Homeland Security, she stated that NRC's 90 percent fee recovery amount is \$833.4 million, after adjustments. Ms. Kaplan stated that the Part 170 billings required would be \$324.6 million and that the Part 171 billings would be \$508.8 million. Ms. Kaplan explained how the work papers used to calculate the hourly rate have improved based upon the identification of activity categories for mission direct, mission indirect, and agency support. She then discussed how the figure for productive hours of 1,500 was derived for FY 2017, up from 1,440 for FY 2016. Because of the accelerated schedule for publishing the proposed Fee Rule, Ms. Kaplan said that prior year's quarterly numbers were used since there was no time to wait for the quarters of the current year to close. She stated that NRC should have at least two quarters of data to use by the time the Final Fee Rule is published. Of the over 40 fee categories, Ms. Kaplan said that there would be increases in only 13 of these, ranging from one to 23 percent. She discussed how the proposed Fee Rule and associated work papers could be found for review.

Renu Suri, Senior Budget Analyst, License Fee Policy Team, Office of the Chief Financial Officer, discussed the Fees Transformation effort. In response to stakeholder comments received last year, she said that improvements in efficiency, transparency, and accountability in NRC's fee setting process were desired. She said that a memorandum was submitted to the Commission with proposed policy and process changes. Ms. Suri stated that while the Commission approved all of the process changes, only one policy proposal related to uranium recovery was approved. She restated the improvement in the work papers as the first leg of Fees Transformation. The second leg was more fee-related tables included in the agency's Congressional Budget Justifications. The last leg described by Ms. Suri was increased clarity in the invoices provided to licensees. She said that a link added to the public Website connects with the work papers and spreadsheets used in fee calculations. Ms. Suri stated that the agency is gathering data for the flat fees project.

Elizabeth Bowlin, Project Lead, Cost Accountability and Management Project, Office of the Chief Financial Officer, discussed the data initiatives underway to improve the transparency of fee billing. She said that the Cost Accountability and Management Project was about standardizing and streamlining data. To support this, the agency was increasing controls for time and labor in the fee revenue process and moving toward an authoritative data system. Ms. Bowlin said this would provide an integrated and consistent view into the work to produce safety and security and the resources involved in achieving those objectives.

After Ms. Bowlin's presentation, Sheila Ray opened the questions-and-answers session, inviting both those in attendance and on the telephone to ask questions. The first question dealt with the possibility of NRC not getting an FY 2017 appropriation by a certain date and how that would affect the proposed Fee Rule. Chief Financial Officer Maureen Wylie said that a possible Continuing Resolution for FY 2017 would leave the agency with more funds being recovered through fees than would be required to support the level of work. She said this would possibly leave a large amount of carryover funds that most likely would be used to offset future appropriations.

The following question was about the need for increases under uranium recovery to support Congressional hearings. Andrea Kock responded that Congressional hearings falls under

indirect activities. Ms. Wylie added that, unlike the reactor Business Lines that have more automated data systems, requests for information under uranium recovery had to be handled manually, making for a workload challenge.

Regarding the departure of the Cascade Gas Centrifuge Demonstration Facility from operating status, the question was did this mean fewer facilities over which to spread the same fee burden. Ms. Wylie responded that a good answer could not be given absent a final appropriation. Another question was about what international activities are covered under Part 170 and Part 171. Christine Galster of the License Fee Policy Team explained that the work papers provided the details associated with this. Ms. Wylie added that export/import licensing under Part 170 are of direct benefit to the licensees.

A question about the increase in corporate support was raised. Ms. Wylie stated that an increase associated with the accounting system and modernization work was one reason. She went on to say that additional cuts in corporate support should be seen in FY 2018. When asked about Agreement State support being in the fee base, Ms. Galster replied that such support is in fee relief. Following on, a question about what will happen when Wyoming becomes an Agreement State and the impact upon the remaining licensees under NRC oversight was answered by Ms. Kock, saying that uranium recovery licenses could see large impacts. She said that the expectation is that this would occur in the FY 2019 budget cycle.

To wrap up the question-and-answer session, one attendee expressed appreciation for the NRC's efforts in fee transformation in making spreadsheets and other information used in developing the proposed Fee Rule available.

Sheila Ray explained the various way that comments on the proposed Fee Rule could be submitted. She said that March 1st was the deadline for submitting comments.

Ms. Wylie concluded the meeting at 2:44 pm after thanking the attendees both in the room and on the Webinar and invited feedback on how well the meeting went.