framatome

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Subject: Transmittal of Framatome Inc. Comments on Fuel Facilities Fee Matrix

Mr. Erlanger;

Framatome Inc. (formerly AREVA Inc.) appreciates the opportunity to comment on the proposed fuel facility fee matrix.

At a December 13, 2017 public meeting, the NRC discussed alternative approaches to the current fee matrix and welcomed comments on both the current fee matrix and alternative approaches. Framatome appreciates both the NRC's willingness to hold the public meeting and its engagement with stakeholders at this early stage. In particular, the NRC provided useful background and explanation at the public meeting that helped to inform our comments below.

Given the current state of the nuclear fuel market, regulatory stability and cost predictability is critical to long-term business planning. Consequently, we appreciate the efforts that the NRC has made to date to identify efficiencies and cost savings that result in a reduction in the overall agency budget. We believe that these efforts should continue, with a particular focus on identifying cost reductions in the Fuel Facilities Business Line. The seven operating fuel cycle facilities already support a disproportionate cost load—supporting a higher NRC staff to licensee ratio than the reactor line of business, but with a much lower risk profile. Moreover, over the past 10 years, annual fees for fuel cycle facilities have been increasing at a rate nearly seven times that of reactors.

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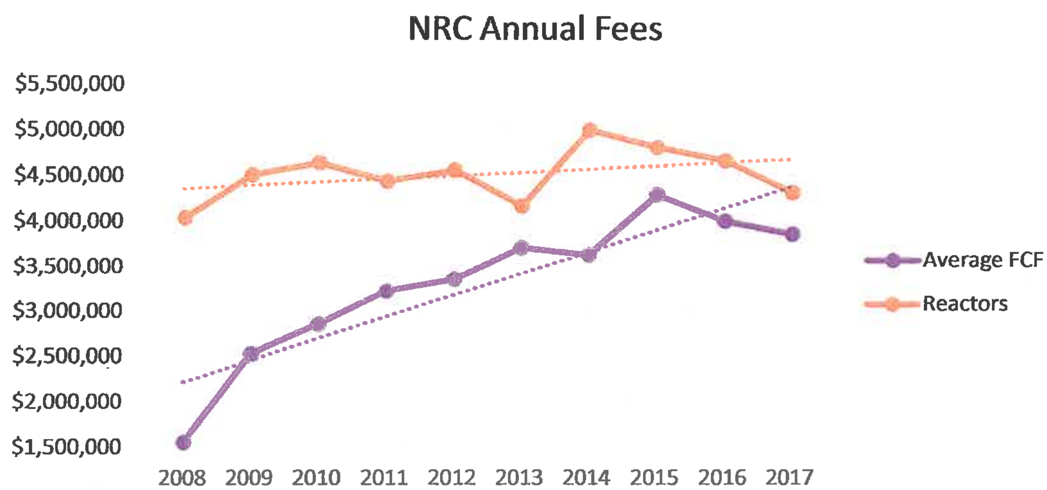

Accordingly, Framatome believes that the NRC should make every effort to first reduce the overall budget for the Fuel Facilities Business Line before considering any changes to the fee matrix methodology.

Framatome believes that the best short-term step that the NRC can take to ensure fee fairness for all fuel cycle facilities (FCFs) is to right-size the NRC Fuel Facility Business Line. Therefore, Framatome encourages NRC to continue pursuing initiatives to improve efficiency. We again acknowledge there has been improvement in this area, but at the same time believe much more needs to be done to achieve the objectives of the NRC's Principles of Good Regulation.

As NRC stated in the December 13, 2017[1] public meeting on this topic, the current fee matrix method is largely qualitative, and not based on or validated by inspection and licensing data. As a matter of fairness, Framatome believes that the fees allocated to the FCFs ought to be closely related to the services NRC provides to these licensees. However, as documented on Slide 6 of the slide package NRC prepared for the December 13th public meeting[1], the estimated Part 170 collections for FY17 account for less than 1/3 of the total business line budget. Framatome would like to better understand what services NRC is providing the FCFs with the remaining 2/3 of the budget, and how the fee allocations directly relate to those services. Providing this information should provide additional insight into how the work NRC does should be split between the FCF fee categories. However, without additional information, Framatome is unable to comment on the staff's approach or suggest a better alternative.

Based on the staff's presentation it appears that a significant portion of the remaining 2/3 of the budget is spent on discretionary activities, such as updating guidance documents. The NRC should consider industry input when expending these discretionary resources to ensure the effort is appropriately sized and prioritized. Work on guidance documents should be tightly controlled, and focused on safety-significant activities and industry needs.

Based on a review of all guidance documents and procedures used for regulating FCFs[2], NRC listed approximately 250 documents, about 100 of which have been updated in the past five years. This

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[1] ML17339A121
[2] ML17339A118

presentation did not provide enough information with respect to the purpose of these revisions; the hours and resources spent to revise these documents, or how much of the costs associated with these revisions are captured in the FCF fee base. A more in-depth discussion between NRC and industry is needed to better understand this work. More importantly, what is the projected size of this effort in FY18 and beyond, and what specific documents are planned to be updated? Engaging the industry to help shape the size and scope of this effort could help focus resources where they are most needed and provide the foundation for an improved fee structure.

Another area that merits close attention is new regulatory initiatives. New initiatives should be thoroughly vetted with demonstrable efficiency, safety or security benefits before they are started. In the past few years NRC has spent significant resources in this business line on several projects that have never come to fruition, despite consistent industry feedback that these initiatives were not enhancing safety or security. The cost to Framatome is not just in the fees paid, but the time spent reviewing documents, preparing our position, and engaging with the staff. Our observation is that other licensees also spend significant time responding to the staff on these issues. Similarly, Framatome suggests that NRC consider what current regulatory initiatives can be eliminated without impacting safety or security. For example, NRC recently terminated its efforts to clarify 10 CFR 21 rulemaking and guidance.[3] Framatome agrees with the decision to terminate the Part 21 rulemaking/guidance work in the fuel cycle line; however, prior to this decision, many years and staff full time equivalents (FTEs) were expended pursuing the effort.

One specific suggestion is that NRC perform a retrospective review of recent initiatives related to FCFs, to understand the costs associated with activities that ultimately were terminated, or if completed, to evaluate the safety benefits achieved. This review should be used to inform current ongoing work and initiatives planned for the future, to ensure NRC is appropriately using its resources. Examples of efforts which should be considered for termination because they expend NRC resources and provide little to no added safety or security benefit include: material control and accounting (MC&A) 10 CFR Part 74 changes, enhanced security for special nuclear material (SNM) 10 CFR Part 73 changes, and the ANS 57.11 Integrated Safety Analysis (ISA) Standard.

Framatome's experience with the NRC's review of the 2015 decommissioning funding plan for our Richland Washington facility is another example of inefficient use of resources. Our facility did not have any physical changes that would appreciably increase the decommissioning effort. The cost increases were primarily inflation related and no new regulatory requirements had been imposed since our 2012 submittal yet the review costs for this document increased from $15K for the 2012 submittal to over $80K for the 2015 submittal, which was finally approved in 2017. Others in industry had a similar experience.

Therefore, Framatome suggests the staff conduct a lessons learned evaluation of the regulatory review processes to look for generic improvements.

In summary, Framatome believes that the best option for making changes to how FCF fees are allocated is to first reduce the overall fee base by right-sizing the NRC's fuel cycle program. The fees charged to FCFs ought to be commensurate with the relatively low risk profile of this category of

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[3] SECY-11-0135 (ML112430138), dated September 29, 2011, initiated a Part 21 rulemaking. Per SECY-16-0009 (ML16028A208), dated January 31, 2016, NRC staff was directed to terminate Part 21 rulemaking efforts. However, the SECY allowed staff continuation of guidance development, which continued until the recent decision to terminate NMSS Part 21 guidance efforts.

licensee. As it currently stands, the Fuel Facilities Business Line has approximately 16 FTEs per licensee, which is greater than the FTE ratio for operating power reactors. This data suggests that reductions are possible if a risk-informed approach is followed. Once the NRC business line is right-sized and there is clarity on how resources are expended to support the various categories of fuel cycle facilities, then the time would be right to revisit the calculation of annual fees using real data that reflect the services provided by NRC. Moving forward before those two conditions are met will result in replacing one qualitative system with another one, with no certainty of enhanced fairness.

If you have questions, please feel free to contact me at 509-375-8550.

Very truly yours,

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