

PUBLIC SUBMISSION

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Docket: NRC-2017-0026

Revision of Fee Schedules: Fee Recovery for FY 2018

Comment On: NRC-2017-0026-0001

Revision of Fee Schedules; Fee Recovery for Fiscal Year 2018

Document: NRC-2017-0026-DRAFT-0011

Comment on FR Doc # 2018-01065

Submitter Information

Name: Tyson Smith

Submitter's Representative: Winston & Strawn LLP

Organization: Honeywell International Inc.

General Comment

See attached file.

Attachments

Honeywell - Comments on FY2018 Proposed Fee Rule

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VIA REGULATIONS.GOV

Secretary
U.S. Nuclear Regulatory Commission,
Washington, DC 20555-0001
ATTN: Rulemakings and Adjudications Staff.

Re: Honeywell International Inc. Comments on Revision of Fee Schedules; Fee Recovery for Fiscal Year 2018

Dear Secretary,

We are submitting the attached comments on behalf of Honeywell and its Metropolis Works Facility in response to “Revision of Fee Schedules; Fee Recovery for FY 2018: Proposed Rule,” in accordance with the *Federal Register* notice issued by the U.S. Nuclear Regulatory Commission on January 25, 2018 (83 Fed. Reg. 3407).

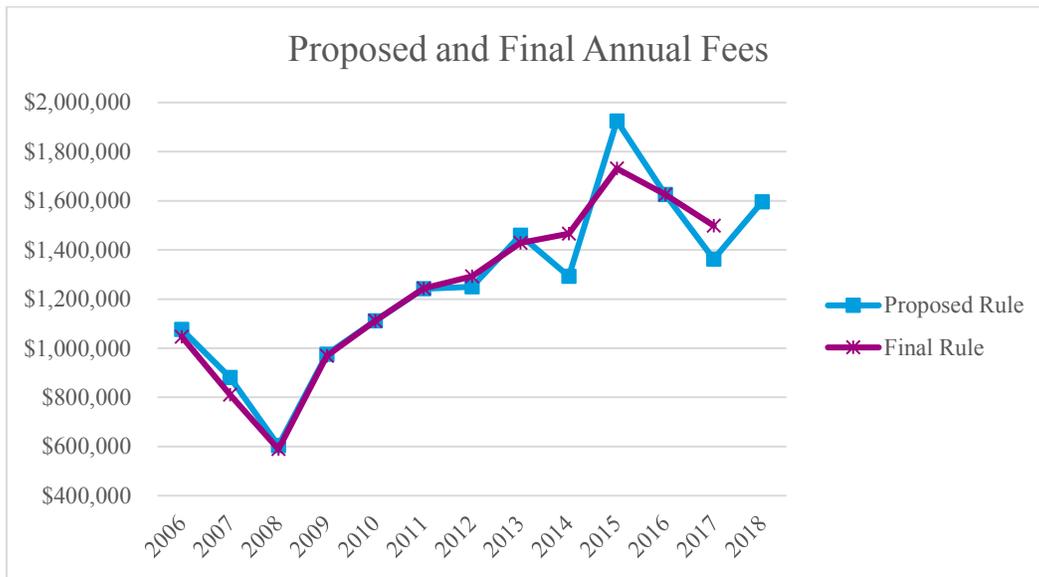
If you have any questions about these comments or would like to discuss further, please contact Mark Wolf at mark.wolf@honeywell.com or (618) 309-5013.

Sincerely,

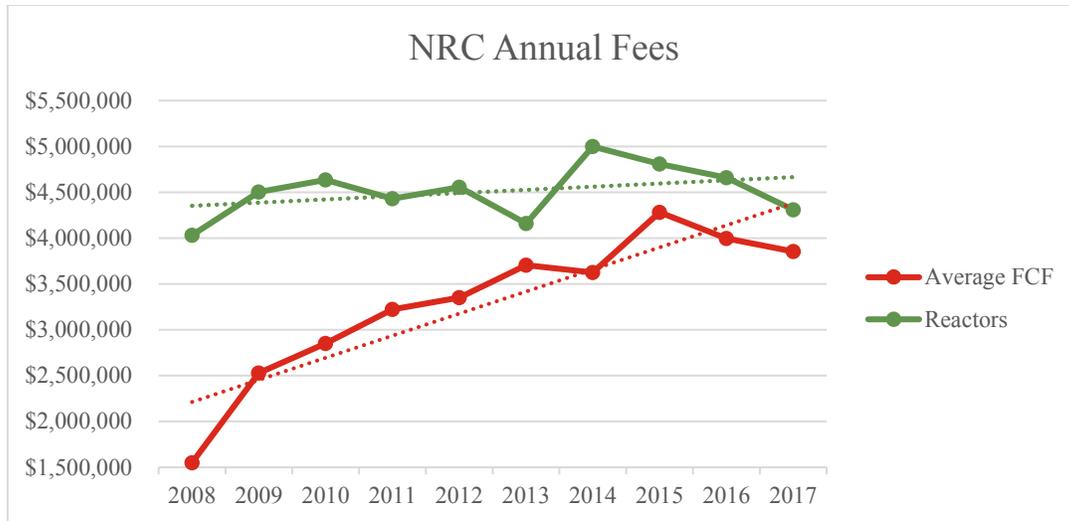
Tyson R. Smith

**HONEYWELL COMMENTS ON PROPOSED REVISION
OF FEE SCHEDULES AND FEE RECOVERY FOR FY 2018**

Honeywell International Inc. (“Honeywell”) appreciates the opportunity to provide comments on the proposed fee rule, including the proposed rates for licensing and inspection fees, as well as the annual fee. Before turning to our comments, we wanted to first note that, given the current depressed state of the nuclear fuel market, regulatory stability and cost predictability is more critical to long-term business planning than ever before. However, as shown below, there appears to be greater variance between the annual fees in the proposed and final fee rules in recent years. These fluctuations make it more difficult to manage costs associated with NRC activities over the course of each year. Accordingly, we would welcome any improvements to developing the fee rule that lead to less variability between the proposed and final rules.



In addition, 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 significant 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.



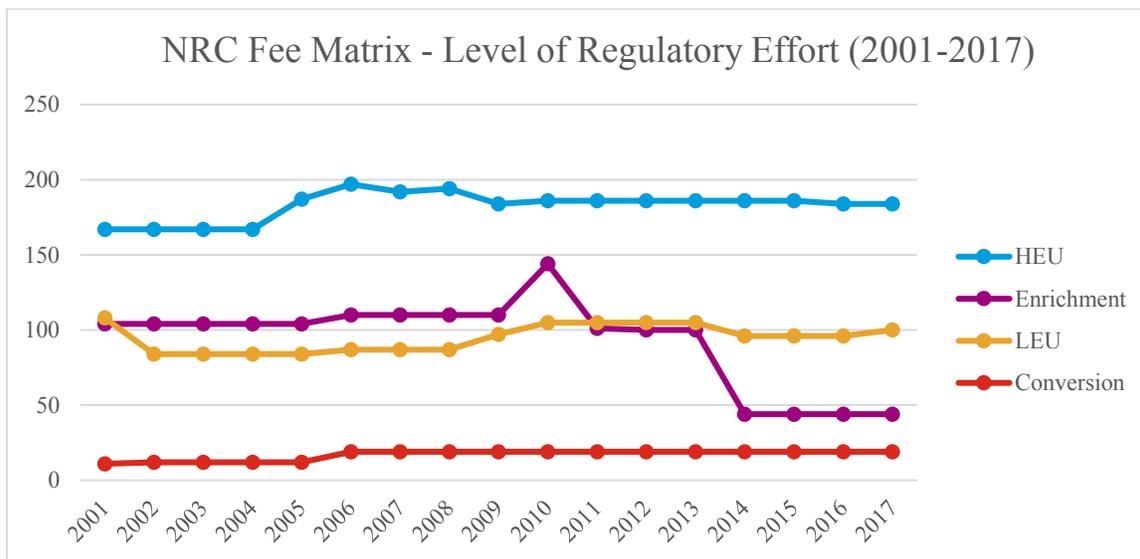
Accordingly, Honeywell believes that the NRC should make every effort to reduce the overall budget for the Fuel Facilities Business Line.¹

Along those same lines, Honeywell appreciates the NRC’s recent efficiency improvements. However, the public’s ability to identify additional opportunities for improvement is hampered by the lack of information in the work papers supporting the proposed fee rule. The work papers still lack enough detail to precisely determine the specific costs that are being recovered through annual fees. For example, the estimated collected Part 170 fees for fuel cycle facilities account for less than one-third of the total fuel cycle business line budget. In response to industry inquiries regarding this ratio, NRC staff stated that two-thirds of the budget is allocated to non-direct generic activities such as maintaining the NRC website, guidance updates, general administration, and other activities that may or may not have any impact on the safe and secure operations of the fuel cycle facilities. However, there is insufficient information in the working papers to understand how these costs are allocated or whether they are reasonable in light of the circumstances. We therefore encourage the NRC to continue adding detail to the work papers to allow licensees to discern exactly which activities are funded through annual fees.

Lastly, Honeywell supports the NRC’s current fee matrix for fuel cycle facilities. Honeywell believes that the NRC’s current fee matrix approach for fuel cycle facilities has been effective and reasonably fair and equitable. In the matrix and in the associated working papers, the NRC allocates effort according to the level, scope, depth of coverage, and rigor of the generic regulatory programmatic effort applicable to each category from a safety and safeguards perspective. And, the matrix accounts for the level of effort for each factor associated with the specific processes that exist at each facility, such as solid UF₆/metal, enrichment, liquid UF₆, HEU downblend, conversion powder, pellet, rod/bundle, scrap/waste, hot cell, and sensitive information. The budgeted resources for each category are then allocated in proportion to the total regulatory effort for safety and safeguards activities. This approach is reasonable and strikes an appropriate balance among the various factors affecting regulatory effort (and therefore fees). The reasonableness and overall fairness of the current approach is reflected in the fact that the fee matrix allocations among

¹ Honeywell endorses and incorporates the comments submitted by NEI. Our comments below are supplemental to the NEI comments.

fuel cycle facilities has been relatively stable since the current fee matrix approach was adopted in 1999.²



Moreover, there is no indication that the current fee matrix is inherently flawed or unreasonable. For example, Honeywell’s MTW site is listed as having activities in only seven of the fee matrix columns (the fewest of all fuel cycle facilities), while four other facilities have at least twice that many. The differences in annual fees for fuel cycle facilities reflect this difference in regulatory effort. And to the extent that there have been significant changes in annual fees from year to year, those changes have been driven more by reductions in the number of licensed facilities in the business line rather than changes in the matrix itself. Accordingly, Honeywell supports continued use of the current fee matrix approach.

² The changes in enrichment level of effort are related to the closures of the two USEC gaseous diffusion plants and the commissioning of the gas centrifuge National Enrichment Facility and reflect differences between the two types of enrichment technologies.