

## FY 2018 Fee Rule Public Meeting on February 12, 2018

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 2018 fee rule and to enhance the dialogue about fees. She emphasized that having this meeting in February is the result of the Fee Rule being published early in January. However, uncertainty about appropriations leaves it open as to when the final fee rule will be published. Ms. Wylie committed, however, that as soon as that is resolved we'll be working expeditiously to attempt to meet our performance goal as soon as possible. Ms. Wylie indicated there's a substantial change in our hourly professional rate in part because of the change in the number of mission-direct FTEs that are used in the calculation of the rate. The rate itself increases from \$263 an hour to \$270 per hour. She said there's been also a small increase in our productive hours and because of the changes in the hourly rate some of our flat fees for licenses have also changed. Ms. Wylie gave an overview of the agenda for the meeting. She discussed for those that were new or as a refresher to others that the Omnibus Budget Reconciliation Act of 1990, also known as OBRA-90, as amended, requires that we collect approximately 90 percent of our current year appropriation in the year that it is enacted. Ms. Wylie took a moment to address the potential for out-of-scope comments. She stated that over time we've received quite a few out-of-scope comments, but over the last few years we've noticed a significant decrease in those. She believes that's a part of NRC's dialogue between the Agency, staff, and industry, both in general and with specific licensees. She continued that out-of-scope comments are generally those that are not either associated with the calculation of fees, changes to the fee regulation itself or to the fee schedules. Ms. Wylie closed this topic by emphasizing that we are continually reevaluating our fee-setting process, and are always interested in your input about how we can make the process more transparent, fair, and timely, both for you as licensees and for us as the Federal Government trying to get through this major rulemaking process.

Luis Betancourt, Electronics Engineer, Office of New Reactors, and Alison Rivera, Branch Chief, Office of Nuclear Security and Incident Response 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.

Maureen Wylie, NRC Chief Financial Officer, began a detailed explanation of how we actually receive our budget from the Congress and how that has resulted in the numbers that you see in the proposed fee rule today. She discussed that the NRC's Congressional Budget Request is \$967 million and is based on a couple of things. It is our FY 2018 Congressional Budget Justification amount, which is \$952 million with an additional amount of \$15 million for the Integrated University Program, which while it was not originally requested in our budget, it is currently reflected in both the House and the Senate marks for our budget as they exist today. She stated that we chose this number in order to give you the largest possible number rather than have a process where we'd have a low number of the proposed and then perhaps a larger number during the final process. Ms. Wylie continued that when compared to the \$917.1 million that the NRC received as an appropriation for 2017, the increase in total budget authority of \$49.9 million is due in part to a request for \$30 million in the Nuclear Waste Fund. The current CR is expected to conclude on March 23<sup>rd</sup>. Ms. Wylie stated that after we get to through our billing adjustments we would propose to collect \$826.7 million in fees which would be an increase of \$20.8 million from our 2017 target of \$805.9 million, however, we also received Congressional direction to use \$23 million in prior year unobligated carryover balances. Project Aim additional savings that were taken for the first time in 2018 to bring our total amount to \$48 million and 185 FTE. For FY 2018, some increases in the budget because of increased

workload in several areas. One of the most important areas is risk-informed licensing actions and amendment requests. We received one subsequent license renewal application. And because of how carryover was funded we have what looks like increases in the research product line, but is in fact a continuation of activity that was funded by carryover but would now be funded by our budget request. Those increases are partially offset by decreases because we understand that through efficiency seeking we can do what needs to be done from more of a shed point of view. We've completed our COL application reviews. We've cleared the Fukushima Near-Term Task Force Tier 1, 2 and 3 activities. We budgeted for the closure of the Fort Calhoun Station. We've completed the NFPA 805 license amendment requests that were budgeted in 2017. We completed certain license renewals. We eliminated potassium iodide as there were no states this year that were expecting us to replenish their requirement. And then of course we still have those re-baselining efficiencies associated with both the reactor oversight process; in particular the inspection writing process associated with the fielding of our new Reactor Program System, also known as replacement RPS, and simplifications in the significant determination process. Ms. Wylie stated that materials and waste safety is roughly 20 percent our budget and in this area there were some significant decreases because of declining or completing workload. 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 28<sup>th</sup>, Ms. Wylie said that this could provide some risk with respect to being able to collect 90 percent in the year.

Craig Erlanger, Director, Office of Nuclear Materials Safety and Safeguards, Division of Fuel Cycle Safety, Safeguards and Environmental Review, presented details regarding the fuel facilities line fiscal year 2018 budget. He gave an overview of the products falling within fuel facilities business line. Mr. Erlanger said that the fuel facilities business line is composed of mission-direct resources, mission-indirect resource, and some resources that are excluded from the fee base. He said that the majority of the business line resources are in mission-direct resources and they fund the NRC's core activities including event response, international activities, licensing, oversight, and rulemaking. Mr. Erlanger provided an overview of some of the activities accomplished by the fuel facilities business line. Next, he provided an overview of some of the activities that are being conducted in fiscal year 2018. Mr. Erlanger provided a comparison of workload and budgetary increase from 2013 to 2018. Mr. Erlanger summarized the work that fuel facilities has been doing with the licensees to get open feedback and next steps from the December 13, 2017, public meeting.

Maureen Wylie, NRC Chief Financial Officer, explained that Agency support rose \$3.5 million, or 1.1 percent, from 2017, mainly as the result of information technology increases for our infrastructure services such as ADAMS, enterprise search and our public web site, IT security and IT strategic management such as consolidation of our data centers and making key improvements to leverage authoritative data sources. These increases in corporate support were offset by a reduction of 101 full-time equivalents which included a reduction of 73 FTE specifically associated with right-sizing our corporate agency-wide support activities in balance with the changes to our programmatic workload.

Christine Galster, Senior Accountant, Office of the Chief Financial Officer, explained the 2018 proposed fee rule budgetary authority is based on the 2018 Congressional Budget Justification in the amount of \$952 million and is adjusted for the Integrated University Program of \$15 million resulting in a total budgetary authority of \$967 million, a rise of \$49.9 million from the previous year. After deducting amounts for various activities from the FY 2018 budget authority of \$967 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 \$827.5 million, after adjustments. Ms. Galster explained that after accounting for the billing adjustments for Part 171 that we do for timing differences the amount to collect from annual fees and fees for services is 826.7 million, which is a 21 million rise from the prior year. Ms. Galster discussed that NRC is required to collect approximately 90 percent of the annual budget through fees. The remaining 10 percent that is not covered is required to offset certain fee relief activities. Ms. Galster explained the work papers last year were modified to include details regarding assistance, conventions and treaties, and specific cooperation activities included within the international fee relief category. Ms. Galster continued that another modification which began in 2017 proposed fee rule and the associated work papers was providing definitions of the hourly rate components: mission-direct; mission-indirect; agency support, which includes corporate support and the IG; and offsetting receipts, and included the productive hours assumption using the development of the professional hourly rate. Ms. Galster discussed the components utilized in calculating the proposed Part 170 professional hourly rate for FY 2018, up to \$270 from \$263 in FY 2017. Because of the accelerated schedule for publishing the proposed Fee Rule, Ms. Galster discussed the Part 170 estimate process will utilize four quarters of the prior year invoice data for the proposed fee rule, while during the final fee rule process, a combination of two years of two quarters of the prior year and two quarters of the current year billing data will be utilized. 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. Ms. Suri said that the goal is to make the fee process more transparent, timely and equitable within the statutory requirements of the Independent Offices Appropriation Act, which is the IOAA, and the OBRA-90. She said the fees transformation project includes administrative or process changes and policy changes for the fiscal years 2017 through 2020. She said the NRC completed all 14 of the activities that we had planned for FY 2017, and in fact we accelerated three from FY 2018 which were all completed by September of 2017. Ms. Suri discussed Improvements to be implemented in fiscal year 2018.

Maureen Wylie, NRC Chief Financial Officer, explained the process for submitting public comments to the fee rule.

After Ms. Wylie discussed public comment submission, Alison Rivera opened the question-and-answers session, inviting both those in attendance and on the telephone to ask questions. The full list of questions and answers can be found in the transcripts in ADAMS accession number ML18054A663, some of the topics for the Q&A session directly dealt with reissuing the fee rule, concerns for not being able to see what was in the 10 CFR Part 171 fees, whether the agency is looking at it's over corporate structure or the right FTE to minimize fees passed to licensees, carryover funds, and impacts if Wyoming goes to an Agreement state.

Alison Rivera closed out the Q&A session of the meeting and turned it back over to Maureen Wylie for closing comments.

Ms. Wylie concluded the meeting at 2:43 pm after thanking the attendees both in the room and on the Webinar and invited feedback on how well the meeting went. Ms. Wylie said that February 26<sup>th</sup> was the deadline for submitting comments.