Global Nuclear Fuel

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Mr. Craig Erlanger, Director
Division of Fuel Cycle Safety, Safeguards, and Environmental Review
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Subject: Comments on Fuel Cycle Facility Fee Matrix

References: 1) NRC Fuel Facility Fee Matrix Options for Improvement Meeting,12/13/17
2) NRC Fuel Facility Budget Related Topics and Fee Matrix Meeting, 3/27/18

Dear Mr. Erlanger:

Global Nuclear Fuel – Americas, LLC (GNF-A) is writing in response to the NRC's effort to re-allocate annual fees for individual fuel cycle facility licensees.

The public meetings held on December 13, 2017 and March 27, 2018 were useful to discuss NRC's methodology and potential alternative approaches to the fee matrix and requested shareholder feedback. I support NRC's earlier decision that, given ongoing discussions and related NRC efforts, no sudden changes to the fee matrix will occur in the FY18 fee rule.

Although the public meetings were primarily focused on potential alternatives to the fee allocation methods, GNF-A has immediate concerns regarding NRC's total budget for the Fuel Facilities Business Line in today's market driven economic environment. Consistent with the agency's Principles of Good Regulation, it is incumbent upon the NRC to identify additional efficiencies that can better prioritize and most importantly reduce total costs, including indirect generic activities which currently account for an astounding 2/3 of the business line budget. NRC staff has provided little transparency on the programmatic breakdown of these indirect generic activities in terms of cost, scope, and schedule.

NRC noted during the December public meeting that the current matrix of effort factors has been used since 1999, with corresponding annual fees distributed across each facility fee category based on arbitrary predicted regulatory efforts. It should also be noted in 1999 annual fees totaled $16.1M for 11 operating fuel cycle facilities. At present day, annual fees have nearly doubled, to close to $30M, while the licensee base has shrunk over 30%. The Fuel Facilities Business Line budget is too large given there are only 7-remaining operating fuel cycle licensees each with a reduced regulatory work load and relatively low risk profile. Furthermore, for the GNF-A low enriched fuel manufacturing facility, the annual fee has more than tripled from $900K in FY08 to the proposed fee of $2.8 MM for FY18.

In addition, the fuel cycle facilities currently experience an NRC staff to operating facility ratio of approximately 16:1. Conversely, commercial nuclear reactors have a ratio of approximately 15:1, yet the risk profile is significantly lower for a fuel cycle facility versus a reactor when one considers a variety of safety and security factors. This historical disproportionality, which is not risk-informed, should be promptly addressed by further reducing the Fuel Facilities Business Line budget (i.e. staff and contractor support).

While the staff has discussed addressing industry concerns with the current 10-5-1 approach to fee allocation within the Fuel Facilities Business Line, the proposed 3-2-1 option is yet another arbitrary method to allocate annual fees. Neither option is based on actual data from NRC facility-by-facility resource expenditures. A much better option is to abandon the current fee matrix and phase in over several years a revised annual fee approach based on the proportion of what is actually spent regulating each licensee. The annual fee should be calculated from the NRC level of support effort provided to each licensee using percentages of direct billed hourly charges. This approach would also enable NRC to recognize and eliminate the commercial licensees subsidizing government activities at the MOX facility.

As opposed to changing the fee matrix, NRC's focus should be directed towards the appropriate re-baselining of agency activities and the reduction in overall agency budget (including the Fuel Facilities Business Line) consistent with actual needs.

Sincerely,

Amir Vexler

Attachment: None

Cc: M. Dapas, NRC NMSS Office Director
M. Wylie, NRC Chief Financial Officer
R. Johnson, NRC NMSS
T. Naquin, NRC NMSS
M. Lesser, NRC RII
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