



April 27, 2018
18-029

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, D.C. 20555-0001

Reference: (1) License SNM-42, Docket 70-27

Subject: Comments on Fuel Cycle Facility Effort Factor Matrix Options Discussed During
the March 27, 2018 Public Meeting

Dear Mr. Erlanger:

BWXT, Nuclear Operations Group, Lynchburg, Inc. (BWXT NOG-L), appreciates the opportunity to participate in the second public meeting held by the Nuclear Regulatory Commission (NRC) staff to address comments made previously at the December 13, 2017, public meeting and to offer two additional effort factor matrix options. BWXT NOG-L is providing the following comments regarding the March 27, 2018, public meeting on the NRC's effort to re-evaluate the Fuel Cycle Facility (FCF) effort factor matrix.

BWXT NOG-L appreciates the time and effort expended to address questions asked during the first public meeting and comments provided through industry letters on the FCF budget. Since BWXT NOG-L had not previously seen this level of detail, the FCF budget breakdown provided insight for understanding the different line items that make up the overall FCF budget. We encourage the NRC to continue to provide similar levels of detail throughout the budget development process and as the fee fairness and equity issues continue to be addressed.

The FCF budget breakdown illustrates the need to modify the methodology regarding annual fee distribution among the seven fuel cycle facilities. As mentioned in our previous comment letter, a majority of the non-direct services are not FCF dependent; therefore, a reasonable approach would be to distribute the non-direct services costs equally across all fuel cycle facilities.

During the 2018 Regulatory Information Conference (RIC), the chairman, commissioners, and NRC executives spoke of the need for transformational change within the agency. As part of this effort, BWXT NOG-L strongly encourages optimizing the fuel cycle business line commensurate with the level of regulatory effort required for oversight of seven fuel cycle facilities. In addition to the fair and equitable distribution of NRC annual fees across the fuel cycle facilities, the overall fuel cycle business line budget remains substantial relative to the regulatory effort required to support these seven fuel cycle facilities.



We recognize and are appreciative of the fact that over the period from 2012 to 2018, the fuel facilities business line full-time equivalent (FTE) levels have decreased from 184 to 114 FTEs. However this statistic is misleading in that while FTEs have decreased, the annual fee recovery amounts have remained approximately the same (\$30M). Further complicating the analysis is that direct-billed FTEs over the same time period have decreased significantly. This clearly indicates that as the workload associated with the fuel cycle business line has decreased, the NRC has not aligned with the actual level of regulatory effect required from a safety and safeguards perspective.

During the public meeting, the NRC presented an effort factor matrix based on the "Areas Regulated" and assigned each facility a 3-2-1 effort factor for each area regulated. BWXT NOG-L supports such an approach and requests further development and refinement of this methodology. This approach alleviates the distribution of funding issue for non-direct services which represents 67% of the total NRC Fiscal Year (FY)17 budgeted resources. As discussed at the public meeting, the majority of the non-direct services are not FCF dependent.

In summary, BWXT NOG-L supports the effort that the NRC is taking to re-evaluate the FCF effort matrix. BWXT NOG-L does not support the continued use of the current FCF factor matrix. BWXT NOG-L believes that this effort should be taken as part of a much larger effort to evaluate the fuel cycle business line. BWXT NOG-L is looking to the NRC to reduce the overall budget and allocate fees that are fair and equitable across the fuel cycle facilities consistent with the level of regulatory effort required from a safety and safeguards perspective. BWXT NOG-L believes that it is necessary to complete this effort in time for full implementation in FY19 fee rulemaking. BWXT NOG-L looks forward to continued discussions and industry engagement on this very relevant and important topic.

If you or your staff have questions, require additional information or wish to discuss this matter further, please contact Mr. David Spangler, Manager of Nuclear Safety and Licensing, at 434-522-5413.

Sincerely,

A handwritten signature in black ink that reads "David C. Ward". The signature is written in a cursive, flowing style.

David C. Ward
Manager, Environmental, Health, Safety, and Safeguards
BWXT Nuclear Operations Group, Inc. - Lynchburg

Enclosures

cc: NRC, Ms. Maureen Wylie, OCFO
NRC, Mr. Marc Dapas, NMSS
NRC, Mr. Mark Lesser, RII/DFFI
NRC, Mr. Nick Baker, NMSS