



August 8, 2018
18-056

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
(2) ML17137A246, "Congressional Budget Justification Fiscal Year 2018"
(3) Letter dated January 17, 2018, BWXT (Ward) to NRC (Erlanger), Comments
on Fuel Cycle Facility Fee Matrix

Subject: Comments on Fuel Cycle Facility Effort Factor Matrix Options Discussed During
the August 1, 2018, Public Meeting

Dear Mr. Erlanger:

BWXT Nuclear Operations Group- Lynchburg, Inc. (BWXT NOG-L) appreciates the opportunity to participate in the third public meeting held on August 1, 2018, by the Nuclear Regulatory Commission (NRC) staff regarding the on-going effort to address NRC fee fairness and equity issues for fuel cycle facilities (FCFs). During the public meeting, the NRC staff addressed comments made previously at the March 27, 2018, public meeting and provided revisions to the effort factor matrix. NOG-L is providing the following comments from the August 1, 2018, public meeting on the effort factor matrix.

In a previous comment letter (Reference 3), NOG-L stated that we support an effort factor matrix based on the areas that are currently regulated and we requested further development and refinement of this methodology. The NRC staff worked diligently on this and presented a fair and logical approach in the assignment of effort factors consistent with the level of regulatory effort. NOG-L agrees with the NRC conclusion that the regulatory effort for 10 out of the 13 regulated areas is the same regardless of type or category of fuel cycle facility. NOG-L also agrees that for regulated areas such as criticality safety, physical protection, and material control and accountability, the non-billable regulatory effort is greater than on a non-Category I facility and, therefore, a higher proportional annual fee for these specific areas only is appropriate.

In reviewing the proposed effort factor matrix based on areas regulated as presented in the August 1, 2018 public meeting, it is clear that the current effort factor matrix does not correlate with the actual regulatory effort required. The proposed effort factor matrix provides an equitable distribution of annual fees. In areas where the regulatory effort is equivalent among the FCFs, the cost is shared equally. In regulated areas that require higher regulatory effort, a higher proportional annual fee is assessed.

During this public meeting, the NRC described the next steps with regard to this re-evaluation activity. From the statements made, licensees will be notified of final decisions regarding this effort by the federal registry notice issued for the FY19 fee rule. The outcome of this fee setting activity could have significant impact to licensees. NOG-L requests that regardless of the outcome of this activity, licensees be notified as soon as practicable.

In conjunction with this activity, NOG-L continues to stress the importance of streamlining the fuel cycle business line commensurate with the level of regulatory effort required for oversight of seven FCFs. In addition to the fair and equitable distribution of NRC annual fees across the FCFs, the overall fuel cycle business line budget remains substantial relative to the regulatory effort required to support seven fuel cycle facilities. It is imperative that the NRC take steps to reduce the overall fuel cycle business line budget to reflect the regulatory effort necessary to oversee this business segment.

In summary, NOG-L supports the effort that the NRC is taking to re-evaluate the FCF effort factor matrix. NOG-L does not support the continued use of the current FCF effort factor matrix. Additionally, NOG-L believes that this re-evaluation effort should be part of a much larger effort to re-evaluate the overall cost to the fuel cycle business line. NOG-L is looking to the NRC to reduce the overall budget and allocate fees that are fair and equitable across the seven fuel cycle facilities consistent with the level of regulatory effort required from a safety and safeguards perspective. NOG-L believes that this effort must be completed in time for full implementation in FY19 fee rulemaking. 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,



David C. Ward
Environment, Safety, Health & Safeguards Manager
BWXT Nuclear Operations Group, Inc., Lynchburg

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