



# **FY 2019 Proposed Fee Rule Public Meeting**

February 13, 2019  
1:00 pm

# Ground Rules

# **FY 2019 Proposed Fee Rule**

**Maureen E. Wylie**  
Chief Financial Officer

**PUBLIC MEETING AGENDA**  
**Notice of Meeting on the FY 2019 Proposed Fee Rule**  
**February 13, 2019, 1:00 PM to 4:00 PM**  
**NRC One White Flint North**  
**Commissioners' Hearing Room**  
**11555 Rockville Pike, Rockville, MD**

<u><i>Time</i></u>	<u><i>Topic</i></u>	<u><i>Speaker</i></u>
1:00 PM	CFO Opening Remarks	Maureen Wylie
1:10 PM	Establish Ground Rules for Meeting	Facilitator
1:15 PM	Key Features of the NRC FY 2019 Budget <ul style="list-style-type: none"> <li>▪ Budgetary Considerations</li> <li>▪ Operating Power Reactors</li> <li>▪ New Reactors</li> <li>▪ Fuel Facilities</li> <li>▪ Nuclear Materials Users</li> <li>▪ Spent Fuel Storage and Transportation</li> <li>▪ Decommissioning and Low Level Waste</li> <li>▪ Corporate Support</li> </ul>	Maureen Wylie Jane Marshall/Russell Felts Anna Bradford Mike King Kevin Williams John McKirgan Bo Pham Stephanie Coffin
2:35 PM	Q&A	Facilitator
2:50 PM	Break	
3:00 PM	FY 2019 Proposed Fee Rule	Michele Kaplan
3:10 PM	Fees Transformation	Michele Kaplan
3:15 PM	Nuclear Energy Innovation and Modernization Act (NEIMA)	Stephanie Coffin
3:25 PM	Q&A	Facilitator
3:50 PM	Public Comments Submission	Facilitator
3:55 PM	CFO Closing Remarks	Maureen Wylie
4:00 PM	Meeting Adjourned	

# Proposed Fee Rule Basics

- OBRA-90 requirements
- 10 CFR Part 170 (fees for service)
- 10 CFR Part 171 (annual fees)
- Nuclear Energy Innovation and Modernization Act (NEIMA)

# Out of Scope Comments

- Not focused on methodology
- Common questions involve:
  - Efficiencies
  - Changes to regulatory process
- Use the appropriate venue

## **Budgetary Considerations: New Appropriation**

Our FY 2019 proposed rule is based on the Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019, enacted September 21, 2018

New appropriation approximately \$911.0 million, a decrease of \$11.0 million from FY 2018

Excluded or Non-fee Recoverable amount for FY 2019 is \$43.4 million, a slight decrease of \$0.4 million from FY 2018

For FY 2019, collection target is \$781.9 million

Congressional direction to use \$20 million of unobligated carryover in FY 2019, \$15 million of carryover authorized in FY 2018

# Professional Hourly Rate

TABLE II. PROFESSIONAL HOURLY RATE CALCULATION  
[Dollars in millions, except as noted]

	FY 2018 Final Rule	FY 2019 Proposed Rule	Percentage Change
Mission-Direct Program Salaries & Benefits	\$325.7	\$334.7	2.8
Mission-Indirect Program Support	\$135.0	\$120.6	-10.7
Agency Support (Corporate Support and the Inspector General)	\$308.1	\$304.5	-1.2
Subtotal	\$768.8	\$759.8	-1.2
Less Offsetting Receipts	\$0.0	\$0.0	0.0
Total Budgeted Resources Included in Professional Hourly Rate	\$768.8	\$759.8	-1.2
Mission-Direct FTE (Whole numbers)	1,851	1,810	-2.2
Annual Mission-Direct FTE Productive Hours (Whole numbers)	1,510	1,510	0.0
Mission-Direct FTE Converted to Hours (Mission-Direct FTE multiplied by Annual Mission-Direct FTE Productive Hours) (Whole numbers)	2,795,010	2,733,100	-2.2
Professional Hourly Rate (Total Budgeted Resources Included in Professional Hourly Rate Divided by Mission-Direct FTE Converted to Hours) (Whole Numbers)	\$275	\$278	1.1



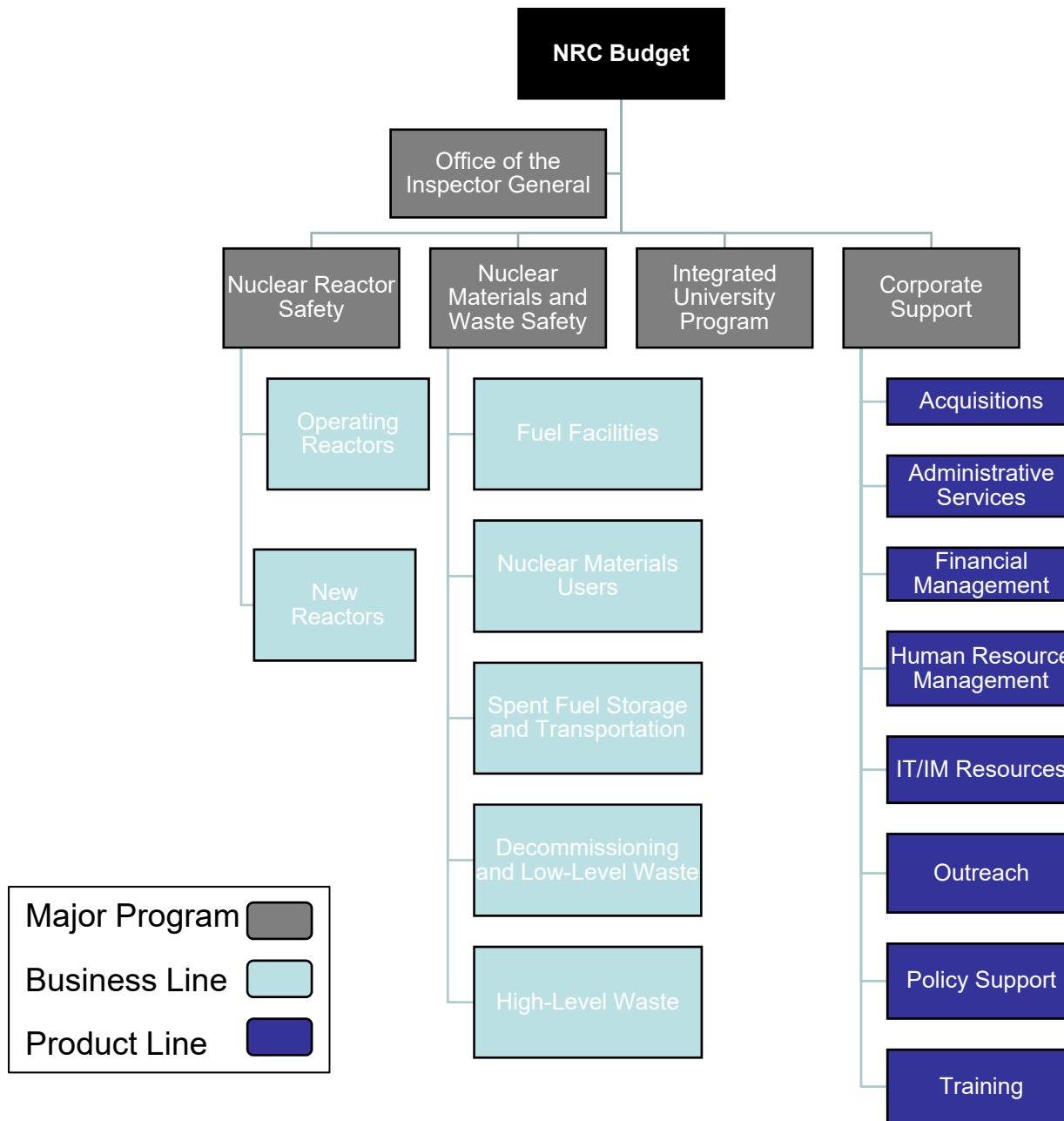
# Annual Fee Changes

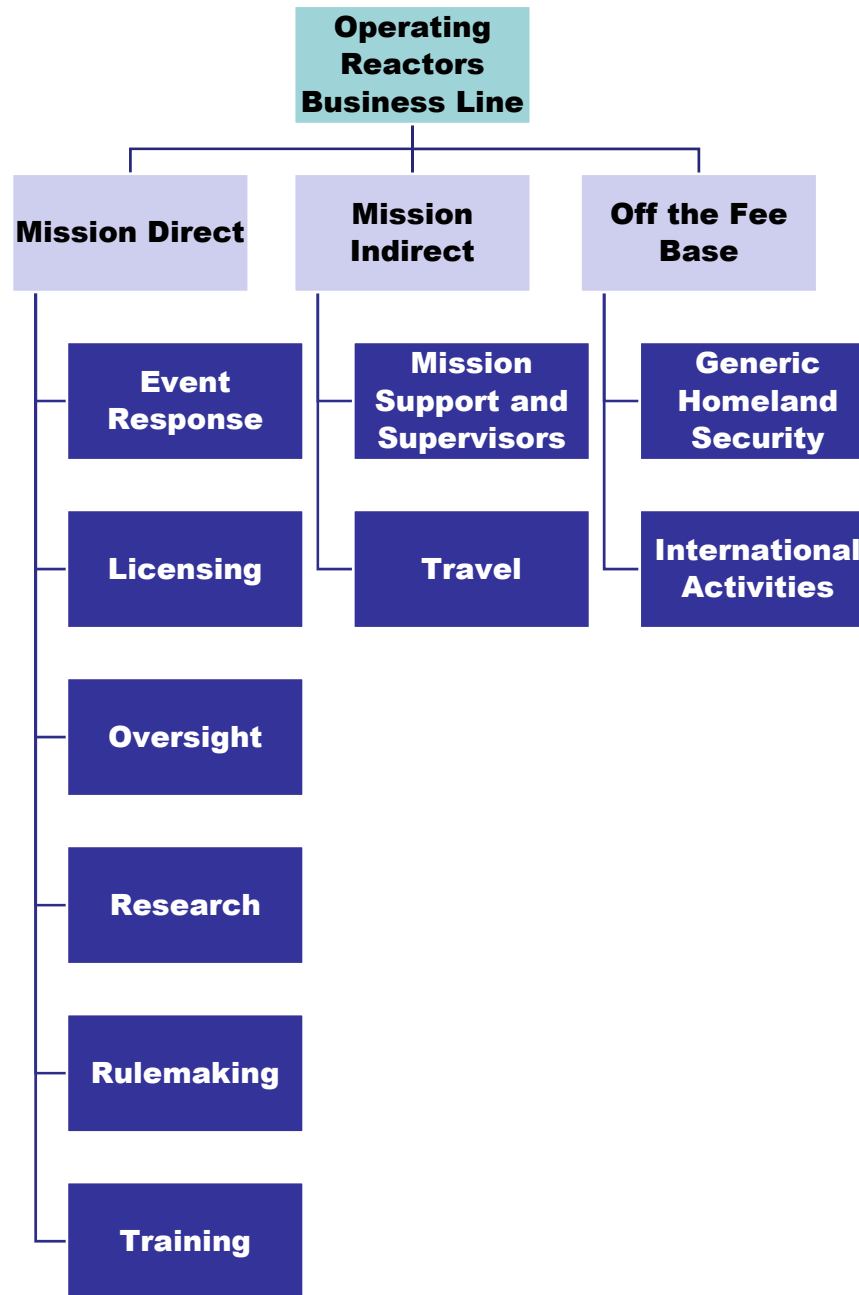
**Decreases:** Spent Fuel Storage/Reactor Decommissioning, Research & Test Reactors, Fuel Facilities, some Materials Users, and DOE-UMTRCA\* licensees

**Increases:** Operating Power Reactors, some Materials Users, and Dept. of Energy (DOE) Transportation licensees

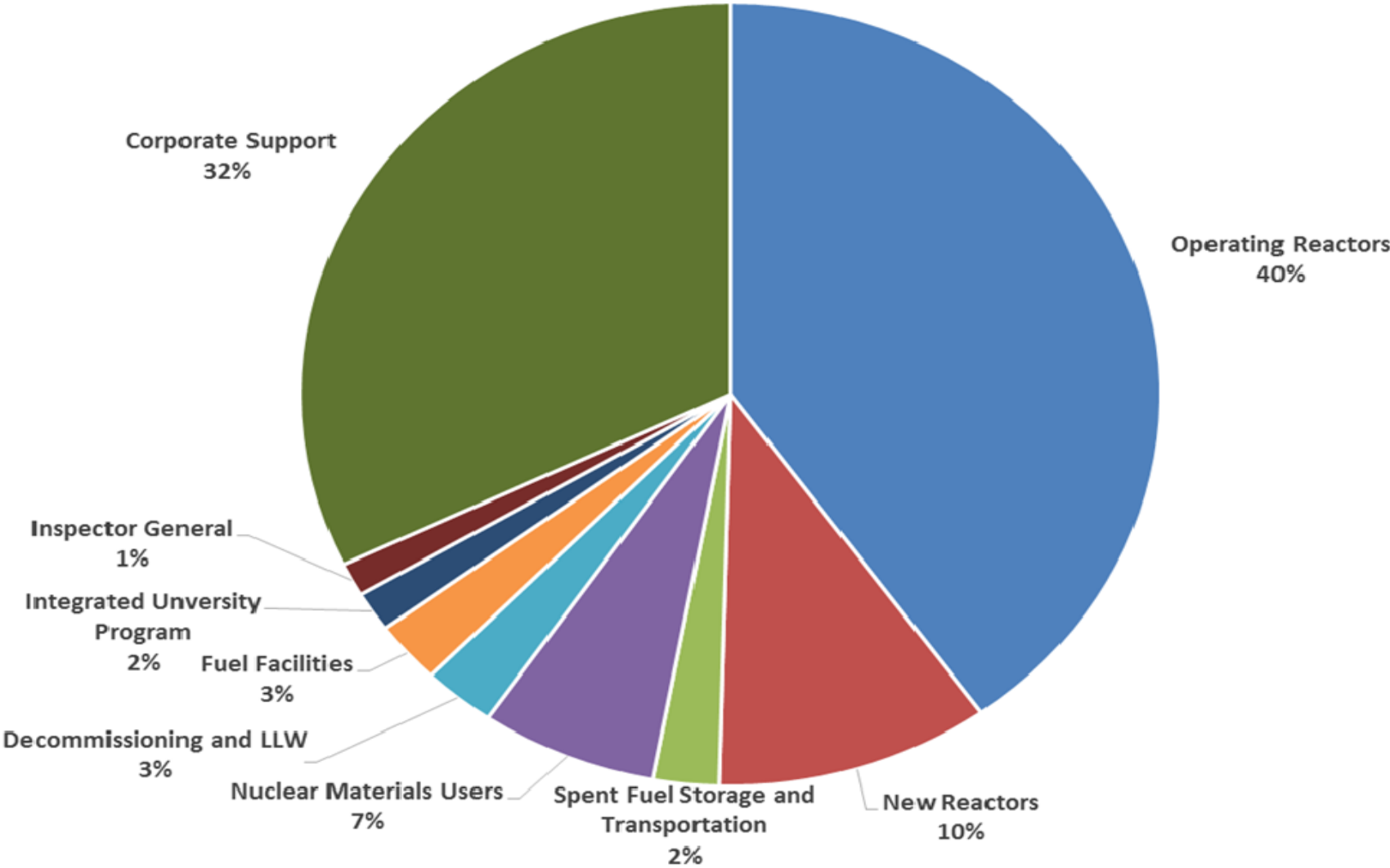
**No change:** Non-DOE Uranium Recovery licensee

\*Uranium Mill Tailings Radiation Control Act





# FY 2019 Enacted



# **Budget Overview of the Operating Reactors Business Line**

**Jane Marshall**

Office of Nuclear Reactor Regulation  
Division of Safety Systems

**Russell Felts**

Office of Nuclear Reactor Regulation  
Division of Risk Assessment

# Operating Reactors Product Lines

Mission Direct Resources (77%):	Mission Indirect Resources (22%):
<ul style="list-style-type: none"> <li>• Event Response</li> </ul>	<ul style="list-style-type: none"> <li>• Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>• Licensing</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> </ul>
<ul style="list-style-type: none"> <li>• Oversight</li> </ul>	
<ul style="list-style-type: none"> <li>• Training</li> </ul>	<p><b>Resources Excluded from the Fee Base (1%):</b></p>
<ul style="list-style-type: none"> <li>• Research</li> </ul>	<ul style="list-style-type: none"> <li>• Generic Homeland Security</li> </ul>
<ul style="list-style-type: none"> <li>• Rulemaking</li> </ul>	<ul style="list-style-type: none"> <li>• International Activities</li> </ul>

# Operating Reactors Business Line Activities

## 1. Licensing:

- License amendments (including risk-informed)
- License Renewals and Subsequent License Renewals
- Research and Test Reactors (including Mo-99)
- Environmental Reviews
- Topical Reports
- Digital I&C
- Fukushima Closeout

## 2. Oversight:

- Inspections
- Security
- Allegations & Investigations
- Event Evaluation

## 3. Rulemaking:

- Rulemaking activities and associated guidance development

## 4. Research Activities:

- Materials degradation, cable aging
- Digital systems

# How the Budget is Developed

## 1. Workload Forecast:

- Number of licensed facilities
- Letters of intent and official notifications of plant closures
- Communications with stakeholders
- External awareness
- Analysis of historical data

## 2. Type and Amount of Work:

- Number and Complexity of licensing actions and inspections
- Number of applications (SLR, Mo-99)
- Potassium Iodide replenishment
- Rulemaking activities
- Research needs



# FY 2018 vs. FY 2019, Enacted Budget

OPERATING REACTORS						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
Event Response	15,053	45	18,048	48	2,995	3
Generic HLS	1,734	9	1,622	8	(112)	(1)
International Activities	3,207	18	3,555	19	348	1
Licensing	80,972	382	82,640	376	1,668	(6)
Oversight	109,173	538	114,238	536	5,065	(2)
Research	52,329	129	47,115	133	(5,214)	4
Rulemaking	9,472	48	9,577	47	105	(1)
Mission Support & Supervisors	65,682	356	65,201	340	(481)	(16)
Training	8,296	26	8,916	26	621	-
Travel	14,445	-	14,311	-	(134)	-
<b>Total</b>	<b>360,360</b>	<b>1,551</b>	<b>365,222</b>	<b>1,533</b>	<b>4,862</b>	<b>(18)</b>

# **Budget Overview of the New Reactors Business Line**

**Anna Bradford**

Office of New Reactors  
Division of Licensing, Siting and  
Environmental Analysis

# New Reactors Product Lines

<b>Mission Direct Resources (68%):</b>	<b>Mission Indirect Resources (20%):</b>
<ul style="list-style-type: none"> <li>Licensing</li> </ul>	<ul style="list-style-type: none"> <li>Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>Oversight</li> </ul>	<ul style="list-style-type: none"> <li>Travel</li> </ul>
<ul style="list-style-type: none"> <li>Research</li> </ul>	
<ul style="list-style-type: none"> <li>Rulemaking</li> </ul>	<p><b>Resources Excluded from the Fee Base (12%):</b></p>
<ul style="list-style-type: none"> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Advanced Reactors Technologies</li> </ul>
	<ul style="list-style-type: none"> <li>International Activities</li> </ul>

# New Reactors Business Line Activities

## 1. Licensing:

- NuScale DC Review
- Clinch River ESP
- ABWR DC Renewal
- APWR DC
- Topical Reports
- Vogtle License Amendments

## 2. Oversight:

- Construction Oversight
- Vendor Oversight
- ITAAC closure notifications
- Allegations & Investigations

## 3. Advanced Reactors:

- Execute action plans
- Preparedness for licensing non-LWRs

# How the Budget is Developed

## 1. Workload Forecast:

- Letters of intent, including responses to Regulatory Issue Summary
- Communications with stakeholders
- External awareness
- Analysis of historical data

## 2. Type and Amount of Work:

- Number and Type of Application (DC, COL, ESP), including large light water reactors, small modular reactors, and advanced reactors
- Number and complexity of licensing actions
- Pre-application activities
- Rulemaking activities
- Research needs
- Guidance development and updates
- Construction Oversight

# FY 2018 vs. FY 2019, Enacted Budget

New Reactors						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
International Activities	1,136	6	997	5	(138)	(1)
Licensing	44,608	190	39,749	167	(4,858)	(23)
Oversight	14,300	75	14,933	75	633	-
Research	15,208	23	14,643	33	(565)	10
Rulemaking	1,534	8	1,874	10	340	2
Mission Support & Supervisors	16,343	87	16,856	87	513	-
Training	2,854	10	2,772	9	(82)	(1)
Travel	2,615	-	2,320	-	(295)	-
<b>Total</b>	<b>98,596</b>	<b>399</b>	<b>94,143</b>	<b>386</b>	<b>(4,453)</b>	<b>(13)</b>

# Why is the Operating Power Reactors Fee Class Annual Fee Increasing

## **10 CFR Part 171 Annual Fees Increase:**

- Proposed Annual fee increase of 8.4%
- The total budgeted resources remained flat from FY 2018 to FY 2019
- Decrease in the number of power reactors from 99 to 98 due to the shutdown of Oyster Creek
- Increase in the Low Level Waste Surcharge/Fee Relief Adjustment

## **10 CFR Part 170 Estimates Decrease:**

- Removal of 6% PM/RI charge from invoices
- Shutdown of Oyster Creek
- Completion of APR1400 Design Certification
- Reduced workload for Pilgrim and Three Mile Island due to upcoming shutdown
- Staff efficiencies

# **Budget Overview of the Fuel Facilities Business Line**

**Mike King**

Office of Nuclear Material Safety and Safeguards  
Division of Fuel Cycle Safety, Safeguards and  
Environmental Reviews



# Fuel Facilities Business Line Product Lines

<b>Mission Direct Resources (62%):</b>	<b>Mission Indirect Resources (22%):</b>
<ul style="list-style-type: none"> <li>• Event Response</li> </ul>	<ul style="list-style-type: none"> <li>• Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>• Licensing</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> </ul>
<ul style="list-style-type: none"> <li>• Oversight</li> </ul>	
<ul style="list-style-type: none"> <li>• Training</li> </ul>	<b>Resources Excluded from the Fee Base (16%):</b>
<ul style="list-style-type: none"> <li>• Rulemaking</li> </ul>	<ul style="list-style-type: none"> <li>• Generic Homeland Security</li> </ul>
	<ul style="list-style-type: none"> <li>• International Activities</li> </ul>

# Fuel Facilities Activities

## 1. Licensing:

- Development and maintenance of the Program
- License Amendments
- Decommissioning Funding Plans
- Emergency Plans
- Security Plans Reviews
- License Renewals
- Environmental Reviews

## 2. Oversight:

- Development and maintenance of the Oversight Program
- Inspections
- Security

## 3. Rulemaking:

- Rulemaking activities and associated guidance development

# How the Budget is Developed

## 1. Workload Forecast:

- Number of licensed facilities, letters of intent, communications with stakeholders and external awareness
- Analysis of historical data

## 2. Type of Work:

- Security, Environmental and Safety
- Type of Licensing Action
- Complexity

## 3. Inspection Work:

- Scope of frequency of inspections
- Number and type of operating facilities

# FY 2018 vs. FY 2019, Enacted Budget

Fuel Facilities						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
Event Response	380	2	397	2	17	-
Generic HLS	2,436	3	2,332	3	(104)	-
International Activities	1,225	7	1,286	7	61	-
Licensing	6,313	32	5,916	27	(397)	(5)
Oversight	7,905	41	6,761	33	(1,144)	(8)
Research	-	-			-	-
Rulemaking	1,248	7	735	4	(513)	(3)
Mission Support & Supervisors	4,200	22	4,025	20	(176)	(2)
Training	304	-	619	-	315	-
Travel	1,101	-	1,101	-	-	-
<b>Total</b>	<b>25,112</b>	<b>114</b>	<b>23,172</b>	<b>96</b>	<b>(1,940)</b>	<b>(18)</b>

# Why is the Fuel Facilities Fee Class Annual Fee Decreasing

## **10 CFR Part 171 Annual Fees Decrease:**

- Proposed Annual fee decrease approximately 7.4% across the Fuel Facilities Fee Class.
- There is a decrease in the total budgeted resources due to aligning resources with a smaller projected workload.

## **10 CFR Part 170 Estimates Decrease:**

- Reduction in the number of licensing actions (e.g., fewer and less complex amendments, decrease in the number of license renewals).
- Decrease in oversight activities due to the anticipated workload and programmatic efficiencies.
  - Expected termination of the CB&I AREVA MOX Fuel Fabrication facility construction authorization.

# **Budget Overview of the Nuclear Materials Users Business Line**

**Kevin Williams**

Office of Nuclear Material Safety and Safeguards  
Division of Materials Safety, Security, State, and  
Tribal Programs

# Nuclear Materials Users Business Line Product Lines

<b>Mission Direct Resources (50%):</b>	<b>Mission Indirect Resources (18%):</b>
<ul style="list-style-type: none"> <li>• Event Response</li> </ul>	<ul style="list-style-type: none"> <li>• Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>• Licensing</li> </ul>	
<ul style="list-style-type: none"> <li>• Oversight</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> </ul>
<ul style="list-style-type: none"> <li>• Research</li> </ul>	
<ul style="list-style-type: none"> <li>• Rulemaking</li> </ul>	<b>Resources Excluded from the Fee Base (32%):</b>
	<ul style="list-style-type: none"> <li>• Generic Homeland Security</li> </ul>
<ul style="list-style-type: none"> <li>• State, Tribal, and Federal Programs</li> </ul>	<ul style="list-style-type: none"> <li>• International Activities</li> </ul>
<ul style="list-style-type: none"> <li>• Training</li> </ul>	

# Nuclear Materials Users Activities

## 1. Licensing:

- New applications
- License amendments
- License renewals
- License terminations

## 2. Oversight:

- Inspections - HQ and Regions
- Enforcement Activities

## 3. Generic Homeland Security:

- Integrated Source Management Portfolio (ISMP)

## 4. Rulemaking:

- Rulemaking activities and associated guidance development

## 5. State, Tribal, and Federal Programs:

- Agreement States Applications/Assistance
- Implement the Tribal Policy Statement
- Integrated Materials Performance Evaluation Program (IMPEP)



# How the Budget is Developed

## 1. Workload Forecast:

- Number of material licenses, expected number of licensing actions, inspections, communications with stakeholders, and external awareness (e.g., emerging technologies)
- Analysis of historical data

## 2. Type of Work:

- Safety, Security, Outreach
- Type of Licensing Action/Inspection
- Complexity

# FY 2018 vs. FY 2019, Enacted Budget

Nuclear Materials Users						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
Event Response	699	4	552	3	(147)	(1)
Generic HLS	11,049	15	10,628	15	(421)	-
International Activities	8,939	16	8,477	14	(463)	(2)
Licensing	8,858	45	9,568	48	711	3
Oversight	11,515	53	11,215	51	(300)	(2)
Research	175	1	184	1	9	-
Rulemaking	1,748	10	2,025	11	276	1
State, Tribal and Federal Pgms	5,732	31	5,047	26	(685)	(5)
Mission Support & Supervisors	8,190	44	8,411	43	221	(1)
Training	2,014	4	1,609	3	(405)	(1)
Travel	2,949	-	2,853	-	(96)	-
<b>Total</b>	<b>61,868</b>	<b>223</b>	<b>60,569</b>	<b>215</b>	<b>(1,300)</b>	<b>(8)</b>

# Why are the Materials Users Annual Fees Decreasing or Increasing

## **10 CFR Part 171 Annual Fees:**

- Annual fees decrease >1%-6% for 13 Categories
- Annual fees remain stable for 11 Categories
- Annual fees increase >1%-28% for 31 Categories
- Annual fees increase >51%-95% for 2 Categories
- Annual fees increase 100% for 1 new Category and 2 new Sub-Categories for FY 2019

## **10 CFR Part 170 Estimates:**

- 10 CFR Part 170 estimated billings remain stable

# **Budget Overview of the Spent Fuel Storage and Transportation Business Line**

**John McKirgan**

Office of Nuclear Material Safety and Safeguards  
Division of Spent Fuel Management

# Spent Fuel Storage and Transportation Business Line Product Lines

<b>Mission Direct Resources (82%):</b>	<b>Mission Indirect Resources (15%):</b>
<ul style="list-style-type: none"> <li>• Licensing</li> </ul>	<ul style="list-style-type: none"> <li>• Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>• Oversight</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> </ul>
<ul style="list-style-type: none"> <li>• Training</li> </ul>	
<ul style="list-style-type: none"> <li>• Rulemaking</li> </ul>	<b>Resources Excluded from the Fee Base (3%):</b>
<ul style="list-style-type: none"> <li>• Research</li> </ul>	<ul style="list-style-type: none"> <li>• International Activities</li> </ul>

# Spent Fuel Storage and Transportation Activities

## 1. Licensing:

- New applications
- License amendments
- License renewals –  
Transportation and Storage
- Environmental Reviews
- Consolidated Interim  
Storage Facility (CISF)  
Applications

## 2. Oversight:

- Inspections - HQ and  
Regions
- Security

## 3. Rulemaking:

- Rulemaking activities and  
associated guidance  
development

## 4. Research Activities

# How the Budget is Developed

## 1. Workload Forecast:

- Number of licensed facilities, letters of intent, communications with stakeholders, and external awareness

## 2. Type and Amount of Work (licensing):

- Complexity
- New vs. Amendment
- Safety, Security, and Environmental
- Storage vs. Transportation

## 3. Type and Amount of Work (inspection):

- Periodicity established
- Number of licensed facilities, vendors, and fabricators

# FY 2018 vs. FY 2019, Enacted Budget

Spent Fuel Storage and Transportation						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
International Activities	901	4	559	2	(342)	(2)
Licensing	14,916	61	13,729	62	(1,187)	1
Oversight	2,344	13	2,465	13	121	-
Research	1,091	2	994	2	(96)	-
Rulemaking	1,587	7	1,138	6	(449)	(1)
Mission Support & Supervisors	2,899	16	2,859	15	(40)	(1)
Training	41	-	138	-	97	-
Travel	519	-	581	-	62	-
<b>Total</b>	<b>24,298</b>	<b>103</b>	<b>22,463</b>	<b>100</b>	<b>(1,835)</b>	<b>(3)</b>



# Why are the Spent Fuel Storage/Reactor Decommissioning Fee Class Annual Fees Decreasing

## **10 CFR Part 171 Annual Fees Decrease:**

- Proposed Annual fee decrease of 17.7%.

## **10 CFR Part 170 Estimates Increase:**

- Licensing activities to support additional storage license renewals and reactors in active decommissioning.
- Resuming licensing work on Interim Storage Partner's CISF application.
- Review of Holtec International's CISF application.

# Why are the Transportation Fee Class Annual Fees Increasing

## **10 CFR Part 171 Annual Fees Increase:**

- DOE is the only transportation licensee subject to an annual fee
- Slight increase in budgeted resources

## **10 CFR Part 170 Estimates Increase:**

- Increase in 10 CFR Part 170 estimated billings expected due to additional transportation package casework.
  - Review new applications for transportation packages.

# **Budget Overview of the Decommissioning and Low-Level Waste Business Line**

**Bo Pham**

Office of Nuclear Material Safety and Safeguards  
Division of Decommissioning, Uranium Recovery,  
and Waste Programs

# Decommissioning and Low-Level Waste Business Line Product Lines

Mission Direct Resources (75%):	Mission Indirect Resources (15%):
<ul style="list-style-type: none"> <li>• Licensing</li> </ul>	<ul style="list-style-type: none"> <li>• Mission Support and Supervisors</li> </ul>
<ul style="list-style-type: none"> <li>• Oversight</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> </ul>
<ul style="list-style-type: none"> <li>• Training</li> </ul>	
<ul style="list-style-type: none"> <li>• Rulemaking</li> </ul>	<p><b>Resources Excluded from the Fee Base (10%):</b></p>
<ul style="list-style-type: none"> <li>• Research</li> </ul>	<ul style="list-style-type: none"> <li>• International Activities</li> </ul>
	<ul style="list-style-type: none"> <li>• Waste Incidental to Reprocessing (WIR)</li> </ul>

# Decommissioning and Low-Level Waste Activities

## 1. Licensing:

- Decommissioning activities for power reactors and research and test reactors
- Uranium Recovery licensing activities
- Safety and environmental reviews
- Military and Non-Military Radium

## 2. Oversight:

- Inspections - HQ and Regions

## 3. Rulemaking:

- Rulemaking activities and associated guidance development

## 4. Research Activities:

- Research activities to support the application of new technologies at complex sites
- Analytical tools

# How the Budget is Developed

## 1. Workload Forecast:

- Number of licensed facilities, letters of intent, communications with stakeholders, and external awareness
- Analysis of historical data

## 2. Type and Amount of Work (licensing):

- Environmental and safety reviews
- Type of licensing action
- Complexity
- Power reactor in active Decommissioning: higher level of effort

## 3. Type and Amount of Work (inspection):

- Periodicity established
- Number of operating facilities

# FY 2018 vs. FY 2019, Enacted Budget

Decommissioning and LLW						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
International Activities	792	4	1,205	6	413	2
Licensing	15,415	64	11,602	49	(3,813)	(15)
Oversight	5,499	27	5,369	25	(130)	(2)
Research	329	1	488	1	159	-
Rulemaking	1,324	5	1,795	9	471	4
Mission Support & Supervisors	2,700	15	2,649	14	(51)	(1)
Training	663	-	812	-	149	-
Travel	797	-	910	-	113	-
<b>Total</b>	<b>27,518</b>	<b>116</b>	<b>24,831</b>	<b>104</b>	<b>(2,687)</b>	<b>(12)</b>

# Why are the Uranium Recovery Fee Class Annual Fees Stable

## **10 CFR Part 171 Annual Fees:**

- WY becoming an Agreement State resulted in only one remaining licensee in the Uranium Recovery fee class.
  - Commission approved expanding the fee-relief category to stabilize annual fees for single licensee.

## **10 CFR Part 170 Estimates:**

- Increase in estimated 10 CFR Part 170 estimated billings for UMTRCA sites.



# **Budget Overview of the Corporate Support Business Line**

**Stephanie Coffin**

Office of the Chief Financial Officer

Division of Planning and Budget

# Corporate Support Product Lines

- Acquisitions
- Administrative Services
- Financial Management
- Human Resource Management
- Information Technology /Information Management (IT/IM)
- Outreach
- Policy Support
- Training

# FY 2018 vs. FY 2019, Enacted Budget

Corporate Support						
	FY 18 Enacted (\$K)	FY 18 FTE	FY 19 Enacted (\$K)	FY 19 FTE	Delta	
Administrative Services	97,192	77	85,526	76	(11,666)	(1)
Financial Mgmt.	32,534	103	32,233	99	(301)	(4)
Human Resource Mgmt.	17,451	47	17,672	44	222	(3)
IT/IM Resources	101,411	176	104,934	174	3,523	(2)
Outreach	3,237	13	3,266	13	28	-
Policy Support	24,459	133	29,348	136	4,890	3
Training	4,550	14	4,328	13	(223)	(1)
Acquisitions	15,550	54	15,643	54	92	-
<b>Total</b>	<b>296,385</b>	<b>617</b>	<b>292,949</b>	<b>609</b>	<b>(3,436)</b>	<b>(8)</b>

# Impact on Fees

Corporate support business line affects both 10 CFR Parts 170 and 171 to reflect the full cost of agency operations, including corporate support, through proportional allocations (e.g., fully costed FTE rates).

# Q&A

# Break



# Fees Setting Program Overview

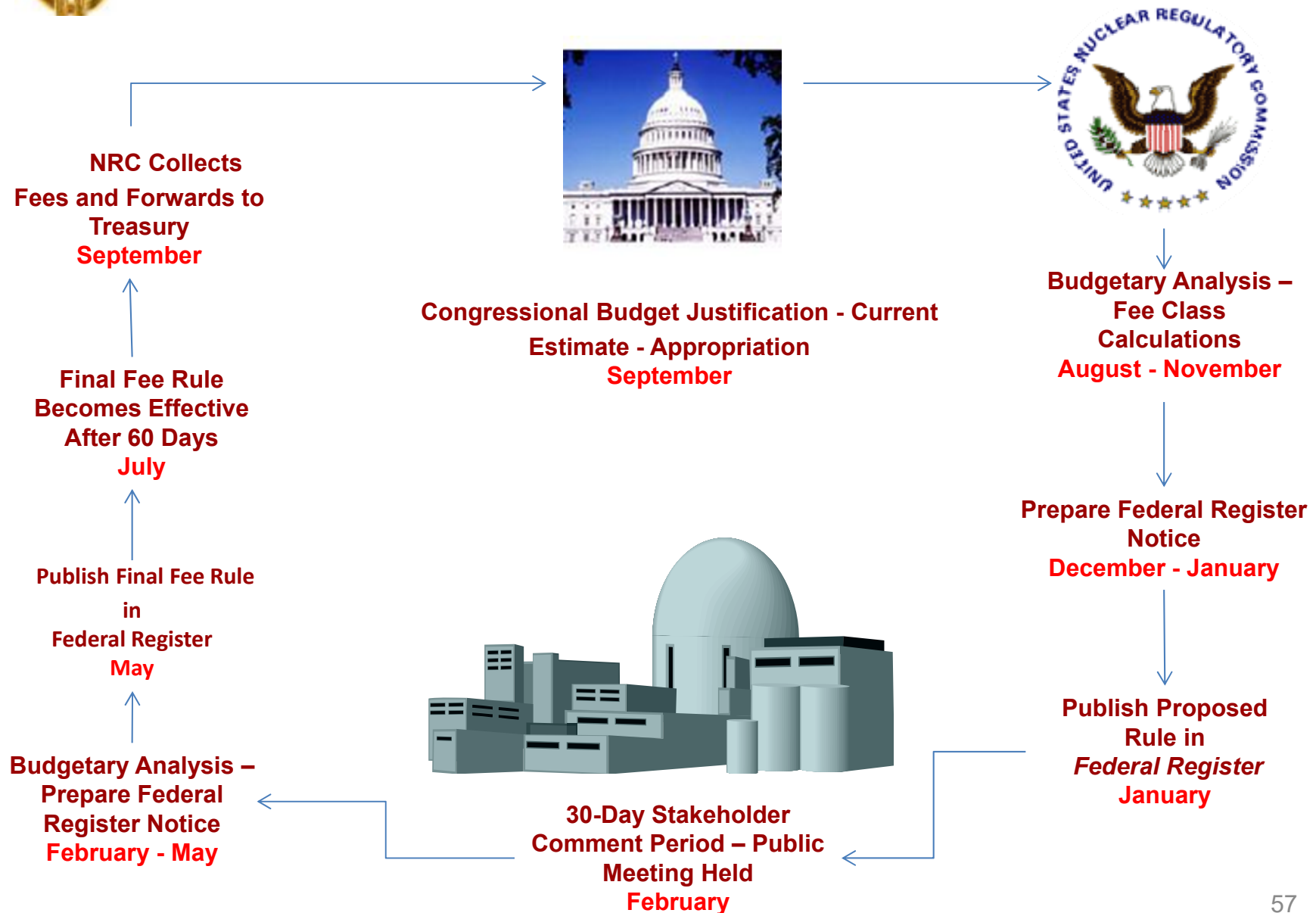
# Statutory and Regulatory Framework

- Independent Offices Appropriation Act (IOAA) of 1952
  - Regulations Under Part 170 of Title 10 of the Code of Federal Regulations (CFR)
  - Fee for services
  - Billed as hours expended at the NRC professional hourly rate
- Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended
  - Regulations under Part 171 of Title 10 of the CFR
  - Collect approximately 90% of budget authority by end of fiscal year
  - Recover through annual fees
    - Research budgetary resources
    - Rulemaking budgetary resources
    - Other budgetary resources not recovered under IOAA
- Annual Appropriation
- Nuclear Energy Innovation and Modernization Act (NEIMA)





# Annual Fee Rule Process and Timeline



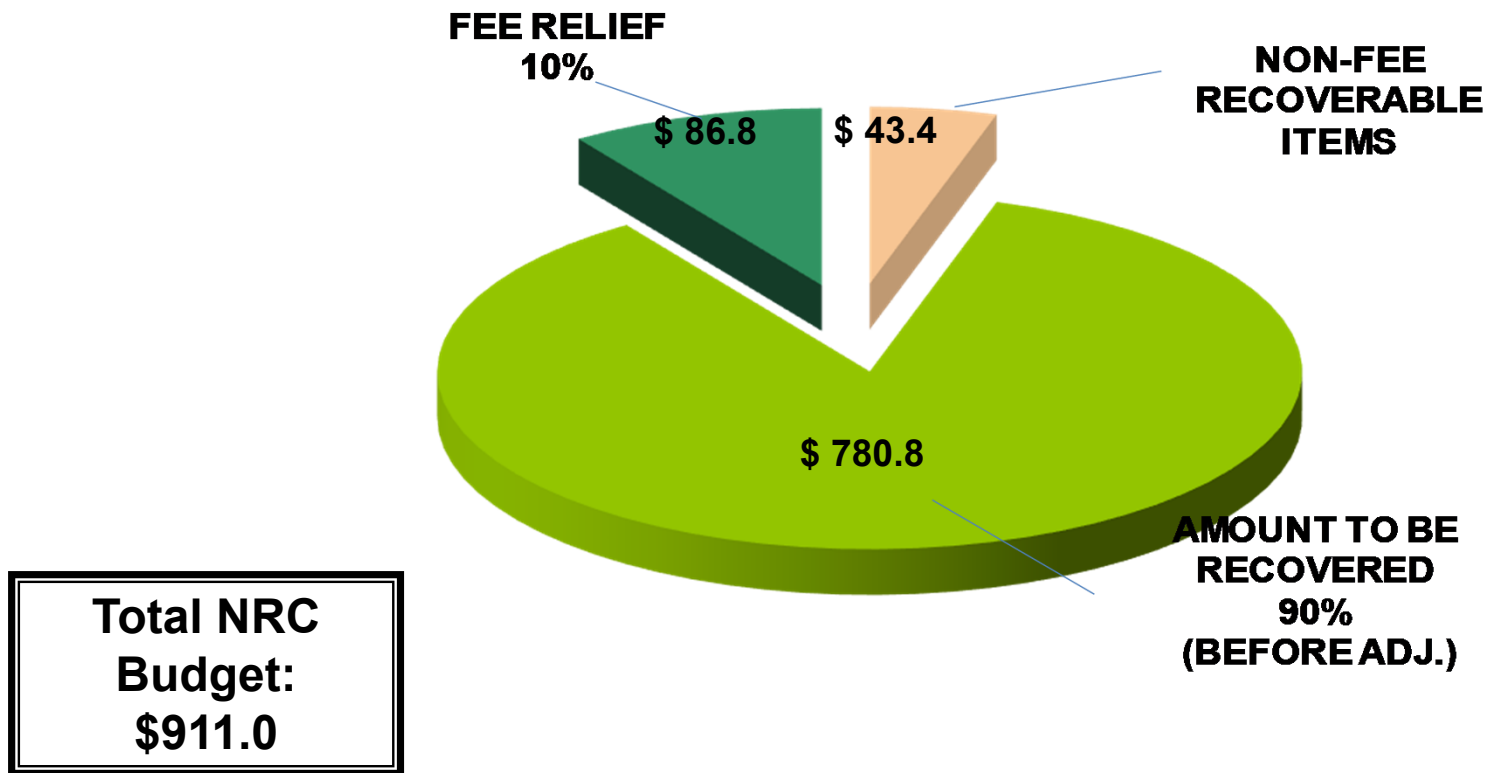
# Budget and Fee Recovery Amounts for FY 2019 Proposed Rule

[Dollars in Millions]

Total Budget Authority	\$ 911.0
Less: Excluded Amounts (ADV Rx, INT'L, WIR, GHLS, IG-DNFSB)	- <u>43.4</u>
Balance	\$ 867.6
Fee Recovery Rate for FY 2019	<u>x 90.0%</u>
Total Amount to be Recovered for FY 2019	\$ 780.8
Adjustments (Billing)	+ <u>1.1</u>
Adjusted Recovery Amount	\$ 781.9
Less Estimated Part 170 Billings	- <u>246.7</u>
Part 171 Fee Collections Required	\$ 535.2

# FY 2019 Proposed Fee Rule Budget

[Dollars in Millions]



# Fee-Relief

## 1. Activities not attributable to an existing NRC licensee or class of licensee:

- Agreement State oversight
- Scholarships and fellowships
- Medical isotope production infrastructure

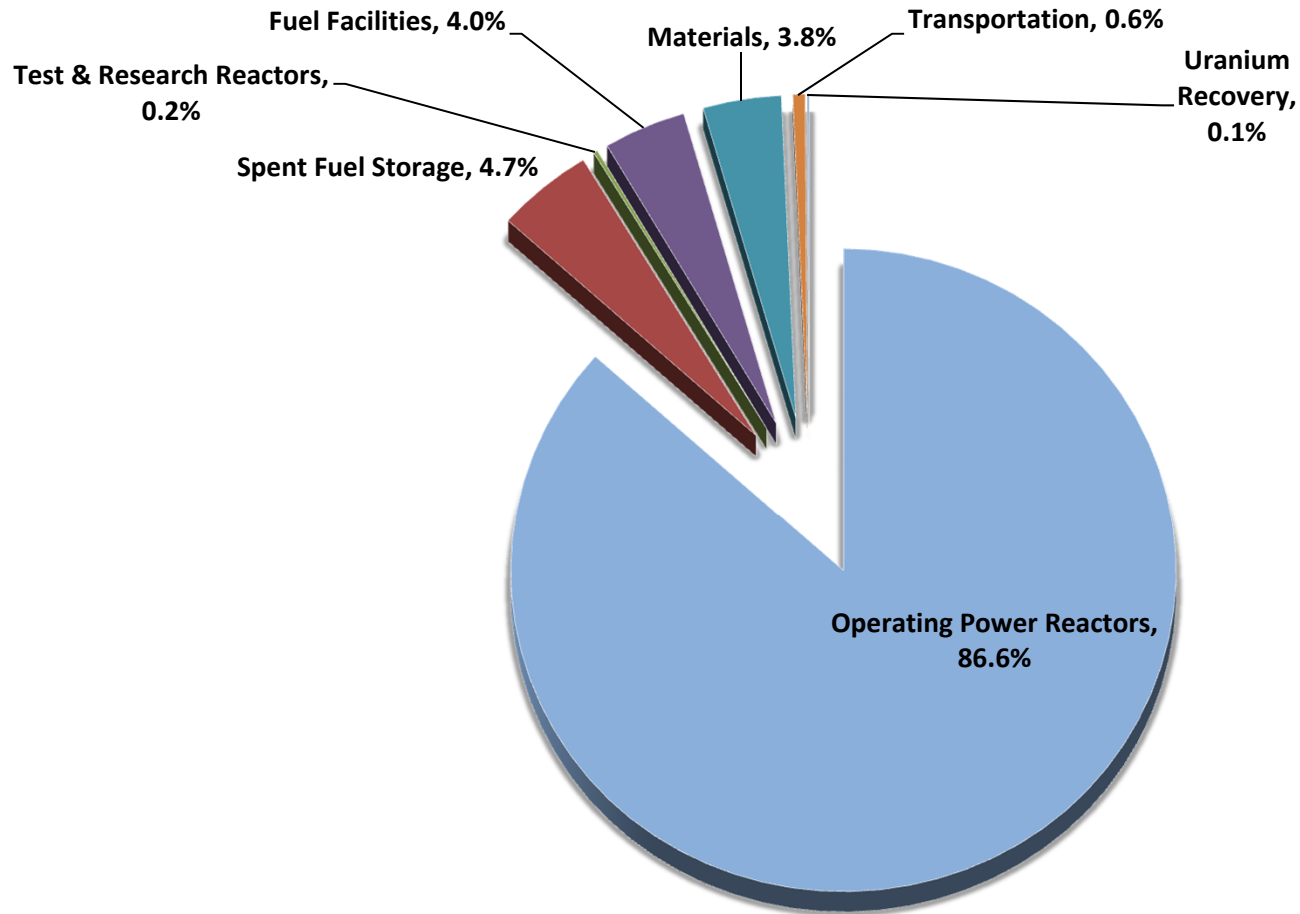
## 2. Activities not assessed under 10 Code of Federal Regulations (CFR) part 170 licensing and inspection fees or 10 CFR part 171 annual fees based on existing law or Commission policy:

- Fee exemption for nonprofit educational institutions
- Costs not recovered from small entities under 10 CFR 71.16(c)
- Regulatory support to Agreement States
- Generic decommissioning/reclamation (not related to the power reactor and spent fuel storage fee classes)
- Uranium recovery program and unregistered general licensees
- Potential Department of Defense remediation program MOU activities

Total Fee-Relief Activities (FY 2019 proposed fee rule)	\$ 86.6m
Less: 10% of the total NRC FY 2019 budget (less non-fee items)	<u>- 86.8m</u>
Fee-relief adjustment (credit) to be allocated to all licensees' annual fees	<u>\$ - 0.2m</u>

# License Fee Classes

Percentage of Budgeted Resources for FY 2019



Rare Earth Fee Class 0.0%  
Export/Import Fee Class 0.0%

# Professional Hourly Rate Methodology\*

## FY 2019 Proposed Fee Rule

Mission Direct Program Salaries & Benefits		\$334.7m
Mission Indirect Program Support		120.6m
Agency Support: Corporate Support and IG		<u>304.5m</u>
Subtotal**:		\$759.8m
Less: Offsetting Receipts		<u>- 0.0m</u>
Total Budgeted Resources Included in Professional Hourly Rate		\$759.8m

Mission Direct FTEs:	1,810 FTEs	
Mission Direct FTEs Productive Hours:	1,510 Hours	
Professional Hourly Rate		\$278
(Total Budgeted Resources Included in the Professional Hourly Rate divided by Mission-Direct FTE Converted to Hours )		

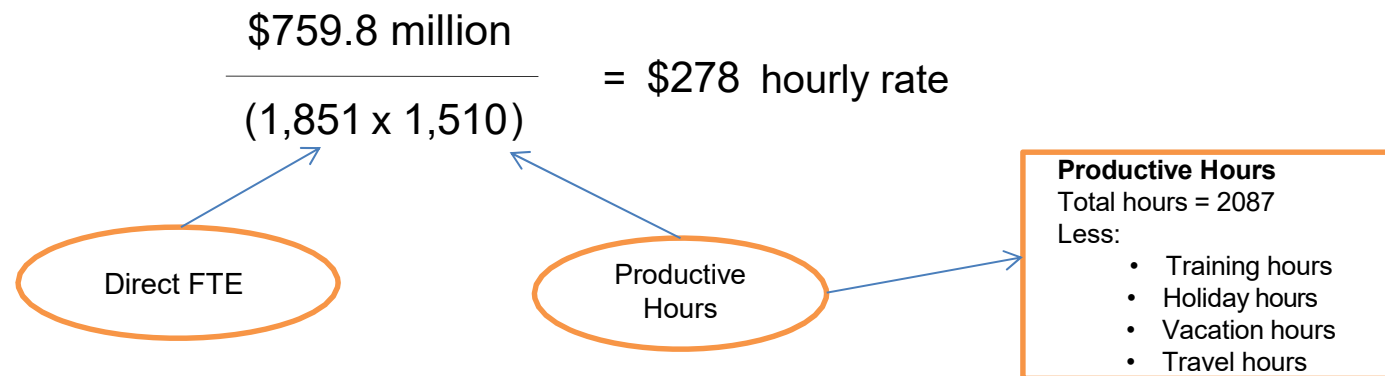
\* Methodology based on OMB circular A-25 "User Charges"

\*\* Budget included in Hourly Rate calculation excludes Direct Program Contract Costs generally billed to licensees separately.

# 10 CFR Part 170 Professional Hourly Rate Calculation

$$\frac{\text{Budget Resources}}{\text{Mission Direct FTE Converted to Hours}} = \text{Professional Hourly Rate}$$

FY 2019 Proposed Rule:



# 10 CFR Part 170 Fees

- Professional Hourly Rate for Full Cost Services
  - Reactors and other major licensees are billed for staff hours and specific contract costs incurred for licensing and oversight services
- Flat Rate for Licensing Fees
  - Material Users pay new license application fees based on the average time to process each type of license application times the effective professional hourly rate
  - Biennial Review determines average processing time (performed in odd years; e.g. 2019 & 2021)



# 10 CFR Part 170 Fee Estimate

- Develop estimates by license fee class
  - Use billing data from 4 quarters
  - Includes billed Part 170 fees and contract work
  - Adjust for changes in workload projections
  - Adjust for change in professional hourly rate
- Proposed rule estimates 4 quarters of fees collected
  - Invoice data: 4 quarters of prior year
- Final rule estimates 2 quarters of fees collected
  - Invoice data: 2 quarters of prior year & 2 quarters of current year

# 10 CFR Part 171 – Annual Fees

## Annual Fee Calculation

1. Determine budgeted resources by fee class
2. Less: estimated Part 170 receipts
3. Add: allocated generic transportation
4. Allocate net fee-relief credit/surcharge and low level waste (LLW) surcharge
5. Allocate billing adjustments
6. Balance is the required annual fee recovery amount

# 10 CFR Part 171 Calculation Operating Power Reactors Fee Class [Dollars in Millions]

	FY 2012	FY 2013	FY 2014*	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019P
<b>Budgeted Resources</b>	\$781.4	\$734.7	\$799.3	\$762.1	\$750.4	\$670.3	\$669.9	\$670.2
<b>Part 170 Estimated Billings</b>	(295.5)	(303.8)	(290.9)	(284.1)	(287.8)	(256.3)	(239.6)	(213.8)
<b>Adjustments</b>	(12.2)	(6.7)	(8.5)	(2.1)	3.3	12.5	(1.4)	3.9
<b>Part 171 Annual Fees</b>	473.7	424.2	499.9	475.9	465.9	426.5	428.9	460.3

<b>Operating Reactors</b>	<b>104</b>	<b>102</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>99</b>	<b>99</b>	<b>98</b>
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<b>Annual Fee per Reactor</b>	<b>\$4,555,000</b>	<b>\$4,159,000</b>	<b>\$4,999,000</b>	<b>\$4,807,000</b>	<b>\$4,659,000</b>	<b>\$4,308,000</b>	<b>\$4,333,000</b>	<b>\$4,697,000</b>
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\*Sequestration, the Decommissioning of 2 Reactors, and a Fee Billing credit error in FY 2013 contributed to the Part 171 Fee increase in FY 2014.

# Policy Changes for FY 2019

- Changes will affect Parts 170.31 and 171.16
- Adding subcategories to Materials Users fee categories for locations of use for medical licenses under fee category 7C
- Eliminate a fee category 2A(5) – licenses that authorize the possession of source material related to the removal of contaminants from drinking water

# Fees Transformation Initiative

- Follow on from Project Aim recommendations.
- Goal - to increase transparency, timeliness and equitability of the NRC fees setting process.
- Originally developed over 40 process and policy improvement options approved by the Commission to be completed between FY 2017 and FY 2020.
- 100% of FY 2017, FY 2018 and FY 2019 improvements were completed.

# Fees Transformation Initiative, cont.

- For FY 2020, we have completed:
  - Institute two different hourly rates for flat application fees for applicants, to provide funds for infrastructure work. (Closed with no additional change but will revisit if new applications surge).
  - NRC has developed guidance on the disclosure of information related to contractor charges associated Part 170 invoices. (Notification was sent out to licensees in January 2019).
- On track to complete for FY 2020:
  - Flat Fees pilot for uranium recovery activities
  - Electronic invoicing (eBilling)
  - Analysis of a proposal to issue one license for each uranium recovery site (instead of one license for multiple sites)
  - Small entity size standard rulemaking

# Information Resources

- 10 CFR Part 170 and 10 CFR Part 171:  
<http://www.nrc.gov/reading-rm/doc-collections/cfr/>
- FY 2019 Proposed Fee Rule, Docket No. NRC-2017-0032; Docket No. PRM-170-7; NRC-2018-0172:  
<http://www.regulations.gov>
  - Proposed Fee Rule (84 FR 578; January 31, 2019)
  - Work Papers (ADAMS # ML18361A780)
- Fee Transformation Accomplishments:  
<http://www.nrc.gov/about-nrc/regulatory/licensing/fees-transformation-accomplishments.html#2019>

# **Nuclear Energy Innovation and Modernization Act (NEIMA)**

## **Budgeting and Financial Management related provisions:**

- Eliminates the 90 percent requirement for fee recovery.
- Excludes certain activities from fee base.
- Caps the annual fee per Operating Reactor licensee.
- Caps Corporate Support at 30% in the annual budget justification starting in FY 2021 and steps down to 28% in FY 2025 and beyond.
- Requires modifications to regulations related to opportunities for licensees and applicants to efficiently dispute or seek review and correction of errors in invoices for service fees.
- Requires implementation of processes to audit invoices.
- Requires completion of a voluntary pilot initiative related to the establishment of a flat fee structure for routine licensing matters relation to UR recovery.
- Requires report to Congress on implementation of the budget and fee related provisions.



# Q&A

# Public Comments Submission

The deadline for submitting comments for this rulemaking is **March 4, 2019**.

**ADDRESSES:** You may submit comments by any of the following methods (unless this document describes a different method for submitting comments on a specific subject):

**Federal Rulemaking Web Site:** Go to <http://www.regulations.gov> and search for Docket ID NRC-2017-0032. Address questions about NRC dockets to Carol Gallagher; telephone: 301-415-3463; e-mail: [Carol.Gallagher@nrc.gov](mailto:Carol.Gallagher@nrc.gov). For technical questions contact the individual listed in the FOR FURTHER INFORMATION CONTACT section of this document.

**E-mail comments to:** [Rulemaking.Comments@nrc.gov](mailto:Rulemaking.Comments@nrc.gov). If you do not receive an automatic e-mail reply confirming receipt, then contact us at 301-415-1677.

**Fax comments to:** Secretary, U.S. Nuclear Regulatory Commission at 301-415-1101.

# Public Comments Submission, Continued

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

**Hand deliver comments to:** 11555 Rockville Pike, Rockville, Maryland 20852, between 7:30 a.m. and 4:15 p.m. (Eastern Time) Federal workdays; telephone: 301-415-1677.

For additional direction on obtaining information and submitting comments, see “Obtaining Information and Submitting Comments” in the **SUPPLEMENTARY INFORMATION** section of this document.

**FOR FURTHER INFORMATION CONTACT:** Michele Kaplan, License Fee Policy Team Lead, Office of the Chief Financial Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, telephone: 301-415-5256, e-mail: [Michele.Kaplan@nrc.gov](mailto:Michele.Kaplan@nrc.gov).

**ADDITIONAL POINT OF CONTACT:** Stephanie Coffin, Director of the Division of Budget and Planning, telephone: 301-415-6138, email: [Stephanie.Coffin@nrc.gov](mailto:Stephanie.Coffin@nrc.gov)

# **CFO Closing Remarks**