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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

December 28, 1993

The Honorable John T. Myers
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Myers:

I am responding to your November 19, 1993, letter to identify work the NRC is performing for others under reimbursable work agreements. Historically, the NRC has done very little reimbursable work. However, in FY 1992, the NRC began to assist the Agency for International Development to implement nuclear safety initiatives in Russia, Ukraine, and Eastern European countries. The NRC became involved in this work because of our unique expertise as a regulator of the civilian uses of nuclear energy and materials.

For FY 1993, the NRC's new budget authority for reimbursable work totaled approximately \$6.8 million, of which about \$6.6 million was provided by the Agency for International Development for NRC to participate in the nuclear safety initiatives for Russia, Ukraine, and several Eastern European countries. During FY 1994, the NRC expects approximately \$10 million from the Agency for International Development to support additional nuclear safety projects in Russia. The NRC also expects to receive up to \$1.6 million to participate in a Department of Defense project to assist Russia, Ukraine, Belarus, and Kazakhstan with the safeguarding of nuclear materials. The NRC is involved due to its specialized expertise in material control and accounting and physical protection.

The enclosure provides a summary of NRC's reimbursable work agreements including the source and amount of funding, a project description, a description of the billing procedures and the extent of full-cost recovery, and a justification for NRC's involvement in each project. As requested, information on reimbursable work will be included in NRC's FY 1995 budget justification materials that will be submitted in February 1994.

I trust you will find this material responsive to your request.

Sincerely,

Kenneth C. Rogers
Acting Chairman

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Enclosure:
As stated

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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20566

December 28, 1993

The Honorable Tom Bevill, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

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Kenneth C. Rogers
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SUMMARY OF REIMBURSABLE WORK AGREEMENTS

New Budget Authority for FY 1993:

1. Plutonium Air Transport Package.

FY 1993 Funding: \$150,000

Source: Japanese Power Reactor and Nuclear Fuel Development Corporation (PNC)

Description of Work: The NRC and the PNC signed an agreement in December 1988. NRC efforts began in FY 1989 and concluded in FY 1993. Under this agreement the NRC was to: (1) collect, review and assess relevant data on major transport air crashes; (2) develop draft criteria for drop testing candidate packages filled with test material from aircraft; (3) develop draft requirements for crash testing a cargo plane fully loaded with candidate packages filled with test material; (4) develop draft criteria for controlled tests to be used in developing the package, as an alternative to crash testing a cargo plane; and (5) conduct feasibility studies for performing controlled, drop, and aircraft crash tests.

Justification for NRC Involvement: To develop criteria to comply with Public Law 100-203, Section 5062, which imposes requirements on containers used for air transport of plutonium from one foreign country to another where such transportation passes through U.S. airspace. Public Law 100-203, Section 5062, required that all NRC costs associated with the required package testing and related administrative costs be reimbursed.

Reimbursement Procedures: The PNC provided incremental payments to the NRC in advance of expenditures. Such payments totalled \$4,390,000. NRC costs for this effort were \$4,201,910. All costs were fully recovered. The NRC returned the remaining \$188,090 to PNC.

2. Regional Energy Efficiency Project.

FY 1993 Funding: \$1,623,000

Source: U.S. Agency for International Development (AID)

Description of Work: The purpose of this AID initiative is to promote the efficient and environmentally sound use of energy in the countries of Eastern and Central Europe. Technical (nuclear safety) subject areas include: international code assessment, severe accident and risk and accident management, nuclear safety orientation and training which includes hosting nuclear specialists, training at NRC's Technical

Training Center in Chattanooga, Tennessee as well as supporting membership in the International Piping Integrity Research Group.

Justification for NRC Involvement: NRC is assisting AID in providing support to the countries of Eastern and Central Europe in the area of nuclear safety due to NRC's specialized expertise in the regulation of civilian uses of nuclear energy and materials.

Reimbursement Procedures: AID provides budget authority in advance to the NRC for expenses for travel, contractor support, and administrative expenses (e.g. interpreters). Salary costs for NRC employees working under this agreement are not reimbursed by AID.

As costs are incurred by the NRC, a receivable is created in the NRC accounting system and bills are issued to AID in accordance with the terms of the agreement. Upon collection of all costs incurred under the agreement and the deobligation of any uncosted obligations, any remaining unobligated allotment balance will be withdrawn by NRC.

3. Energy Efficiency and Market Reform (Lisbon Initiative).

FY 1993 Funding: \$5,000,000

Source: U. S. Agency for International Development (AID)

Description of Work: The purpose of this AID initiative is to implement nuclear safety initiatives in Russia and Ukraine. NRC is working with established regulatory bodies in Russia and Ukraine to develop and implement projects that would assist these bodies in meeting their responsibilities. NRC actions include: (1) training former Soviet Union regulatory representatives to set up a governing structure adopting appropriate U.S. standards, requirements and procedures; (2) participating in simulator training and technical assistance areas developed under operational safety enhancements; (3) participation of regulatory officials in training in the U.S., training includes selected inspection techniques and evaluation methods, design and construction considerations and familiarization with Standard Review Plans; (4) observing Russian and Ukrainian planned team inspections; (5) establishing Incident Response Centers; (6) performing a fire hazard analysis; (7) implementing analytical methodologies in performing safety analysis of operating plants; and (8) providing analytical simulators.

Justification for NRC Involvement: NRC is assisting AID in providing support to Russia and Ukraine in the area of nuclear safety due to NRC's specialized expertise in the regulation of civilian uses of nuclear energy and materials.

Reimbursement Procedures: AID provides budget authority in advance to the NRC for expenses for travel, contractor support, and administrative expenses (e.g. interpreters). Salary costs for NRC employees working under this agreement are not reimbursed by AID.

As costs are incurred by the NRC, we create a receivable in the NRC accounting system and issue bills to AID in accordance with the terms of the agreement. Upon collection of all costs incurred under the agreement and the deobligation of any uncosted obligations, any remaining unobligated allotment balance will be withdrawn by NRC.

4. Energy Conservation Project.

FY 1993 Funding: \$16,000

Source: General Services Administration (GSA)

Description of Work: NRC initiated an energy conservation project to replace exit signs with energy efficient signs at NRC's One White Flint North Building, and GSA approved the funding. This project qualifies for the PEPCO Rebate Program and upon completion of the work, NRC will receive a \$4,000 credit towards its electric bill. The estimated annual savings are 155,090 KWH and the payback period to recoup the cost of the project is 2.4 years.

Justification for NRC Involvement: Public Law 100-615 established a goal of reducing energy consumption by 10 percent in both federally owned and leased buildings by 1995 from 1985 levels. Executive Order 12759 requires a 20 percent reduction through the year 2000. GSA earmarked funds for energy conservation projects in delegated facilities.

Reimbursement Procedures: GSA has transferred \$16,000 to NRC via an SF 1081, Voucher and Schedule of Withdrawals and Credits. NRC will issue a purchase order based on this transfer. This payment fully covers NRC's costs for this project.

The NRC anticipates additional reimbursable work for FY 1994 as follows:

1. Nuclear Safety Initiatives for the Newly Independent States: Energy Efficiency and Market Reform Project.

Expected FY 1994 Funding: Approximately \$10,000,000

Source: U.S. Agency for International Development (AID)

Description of Work: The purpose of this AID initiative is to continue to implement nuclear safety initiatives in Russia. (Additional funding for Ukraine is also being considered.) Activities anticipated under this agreement include: (1) analytical support activities; (2) development of a training center for regulatory personnel; (3) creation of an incident response center; (4) work in the technical area of probabilistic risk assessment; and (5) assistance in legal enforcement and development of draft regulatory legislation.

Justification for NRC Involvement: The NRC is assisting AID in providing support to Russia in the area of nuclear safety due to NRC's specialized expertise in the regulation of civilian uses of nuclear energy and materials.

Reimbursement Procedures:

It is anticipated that AID will provide budget authority in the same manner and for similar expenses as it did in FY 1993.

As costs are incurred by the NRC, we will create a receivable in the NRC accounting system and issue bills to the ordering agency in accordance with the terms of the agreement. Upon collection of all costs incurred under the agreement and the deobligation of any uncosted obligations, any remaining unobligated allotment balance will be withdrawn by NRC.

2. Safe and Secure Dismantlement.

Expected FY 1994 Funding: Up to \$1,600,000 (\$400,000 per country) (NRC is currently establishing an agreement for reimbursement of costs.)

Source: Department of Defense

Description of Work: To cooperate with the Department of Defense and the Department of Energy in a program for the transportation, storage, safeguarding and destruction of nuclear and other weapons in the former Soviet Union and its successor entities (e.g., Russia, Ukraine, Belarus, and Kazakhstan). The program began in FY 1992 and is not expected to exceed 5 years. NRC's involvement is in the areas of material control and accounting (MC&A) and physical protection. MC&A systems provide the capability of detecting possible theft, diversion or other unauthorized use of nuclear material and deterring such acts. Physical protection provides the capability of detecting, delaying and responding to adversarial acts, including theft and sabotage, and if necessary, aiding in the recovery of nuclear material. Building on existing national MC&A and physical protection policies and practices, the DOD, DOE and NRC will assist Russia, Ukraine, Belarus, and Kazakhstan in developing programs for: (1) effective regulatory oversight of MC&A and physical protection, (2) enhanced capability for effectively tracking and reporting on nuclear material inventories and transfers, (3) enhanced capability for both the national authority and facilities to positively determine and account for nuclear material inventories, (4) effective physical protection measures for nuclear material and facilities, and (5) effective technical support for MC&A and physical protection, including resources for training, development and implementation of technologies and equipment, and technical assistance to facilities.

Justification for NRC Involvement: NRC is assisting DOD in providing support to the former Soviet Union and its successor entities due to NRC's specialized expertise in the areas of material control and accounting and physical protection.

Reimbursement Procedures:

It is anticipated that DOD will provide budget authority in the same manner and for similar expenses as under the FY 1993 agreement with AID.

As costs are incurred by the NRC, we create a receivable in the NRC accounting system and issue bills to the ordering agency in accordance with the terms of the agreement. Upon collection of all costs incurred under the agreement and the deobligation of any uncosted obligations, any remaining unobligated allotment balance will be withdrawn by NRC.