



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

JAN 4 1982

MEMORANDUM FOR: John Davis, Director, Office of Nuclear Material Safety  
and Safeguards

FROM: Daniel J. Donoghue, Director, Office of Administration

SUBJECT: PROPOSED LICENSE FEE SCHEDULE REVISION (SECY 81-615)

As you know, ADM developed and submitted a proposed revised license fee schedule to the Commission on November 2, 1981. In the revised schedule, we proposed to leave fees unchanged for the small materials programs (licensed by Material Licensing Branch and Material Certification and Procedures Branch). However, the Commission felt the costs and fees for such licenses and approvals should be re-examined and requested that the staff conduct a study to determine whether use of the actual-cost method in assessing fees for materials licenses and approvals would have a significant economic impact on a substantial number of small licensees (see Item 1, memorandum Chilk to Dircks, November 4, 1981, Enclosure 1). The results of the study are to be presented to the Commission in February 1982 and in the interim period, fees for materials licenses, approvals and inspections need not be revised.

The current fees for the Material Licensing Branch and the Material Certification and Procedures Branch licenses and approvals were developed by the use of average professional staff hours required to process an application for a particular type or category of license, renewal, amendment, approval or special project (see for example 170.31, 3.A.). Now we are to conduct a study to determine the actual costs of the entire materials licensing program and to explore the impact of changing from the current schedule of average costs to actual costs. One concern expressed by the Commission in its review of the proposed schedule in SECY 81-615 was the low percentage of cost recovery. In FY 1981 less than 10% of the costs of the Material Licensing Branch and Material Certification and Procedures Branch were recovered. (Approximately \$300,000).

A fee program based on actual costs would require the Material Licensing Branch and the Material Certification and Procedures Branch to change its system of reporting staff hours and contractual services costs. Currently, the technical reviewers in these two branches charge time expended to a program code and activity code rather than to a specific identifying docket or license number. Under the actual-cost method, staff hours and associated costs would be reported for each application for a license, renewal, amendment or other form of approval. (At this time, the only fees for NMSS actions that are based on actual costs are those for major fuel cycle licenses, approvals, renewals, amendments and special projects).

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You will note in Item 3 of Mr. Chilk's memorandum to Mr. Dircks that the Commissioners are concerned whether or not all appropriate costs are being recovered. When we prepare our report, we should be able to account for 100% of staff time.

To complete the study required by the Commission we will need a report of the Professional Direct Staff Years expended in each of the functions or activities shown in the table below. Also you are requested to account for all other staff years (branch level clerical and supervisory personnel who provide direct support to the branch professionals). The more specificity you can provide in the direct report, the more useful the information will be in computing costs and cost recovery. The totals shown in the right-hand column of the table below were provided by NMSS, and as we understand, it reflects combined FY 1982 staff figures for the Material Licensing Branch, Material Certification and Procedures Branch and the Materials Central File Group. We would like to receive a separate breakdown for each of the two branches using a format similar to the one below. Staff years should be based on full time equivalency. For example, if the Material Licensing Branch has 22 licensing reviewers who spend 50% of their time reviewing applications for licenses, amendments, renewals, and approvals, the table would show 11 professional direct staff years charged to license case work reviews. The other 11 staff years would be reported in other appropriate areas. The table should account for all staff years in each branch and in the Central Files. We understand this totals 45.8 staff years (professional and all other). The list of functions or activities shown in the table is not intended to describe all activities in the two branches, and may be modified as appropriate.

<u>Function</u>	<u>Professional Direct S/Y</u>	<u>All Other S/Y</u>	<u>Totals</u>
Licensing Case Reviews			38.8
Licensing Visits			1.1
Assistance to Agreement States			1.1
Periodic Review of Regulations			1.5
Development of Regulatory Guides			1.9
Advisory Committee on Medical Uses of Radioisotopes			1.4
	_____	_____	_____
Totals			45.8 <sup>1/</sup>

<sup>1/</sup> Represents total staff years for the Materials Licensing Branch and Materials Certification and Procedures Branch.

John Davis

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In 1977, NMSS informed the Commission that it was reviewing the suitability of the five-year expiration limit for materials licenses. What are the results of the review?

I would appreciate receiving the information requested above by January 20, 1982. Please designate a contact on your staff with whom we can work to develop our report for the Commission.

We will be pleased to meet with you or members of your staff to discuss this request. If you have questions, please contact me (27335) or William O. Miller (27225).

ORIGINAL SIGNED BY

Daniel J. Donoghue  
Daniel J. Donoghue, Director  
Office of Administration

Enclosures:

1. Chilk memorandum November 4, 1981
2. Comm. Ahearne Response Sheet

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