

DISTRIBUTION:
PNorry, ADM (2)
LFMB License Fee File ✓
WOMiller, LFMB
CJHolloway, LFMB
LFMB R/F (2)

APR 23 1982

NOTE TO: William J. Dircks
Executive Director for Operations

FROM: Patricia G. Norry, Acting Director
Office of Administration

Attached is a memorandum which responds to Commissioner Ahearne's comments on SECY 81-615.

The only remaining action item from the Commission discussion of license fees in December 1981 is a study to determine whether use of the actual cost method of determining fees for radioisotope licenses would have a significant economic impact on a substantial number of small entities.

To complete this study we needed data from NMS concerning the time the professional staff expends for the 40 plus categories of licenses which are processed by the Materials Licensing Branch. We recently received the data and we are developing the information requested by the Commission.

PS

Patricia G. Norry, Acting Director
Office of Administration

Attachment:
As Stated

8302180335 830111
PDR FOIA
KNOWLES82-607 PDR

10

OFFICE	LFMB:ADM	LFMB:ADM					
NAME	WOMiller:vl	PNorry					
DATE	4/27/82	4/27/82					

APR 26 1982

MEMORANDUM FOR: Commissioner Ahearne
FROM: William J. Dircks, Executive Director for Operations
SUBJECT: SECY 81-615, COMMENTS AND RECOMMENDATIONS

This responds to your comments on the proposed license fee schedule in SECY 81-615.

ITEM 1: "Even considering the EDO's November 30, 1981 response, I do not believe the staff proposes recovering an adequate percentage of the inspection and licensing effort. For example, I would expect to recover a significantly greater percent of the entire regional effort than the projected 50 percent. This leads me to conclude the Commission needs a better understanding of what the EDO plans to exclude from fee charges, particularly in the inspection and licensing offices. I understand, for example, travel time to an inspection site, the mobile lab, technical training and a large portion of IE program support are excluded. I would like the EDO to provide a list of the programs, overhead categories and functions which are excluded from fee charges (e.g., travel, generic studies, NRC Operations Center, program development, contract support, indemnity programs, state liaison, etc.) and the estimated annual resource expenditures for these programs."

RESPONSE: SECY 81-615 expands fee coverage to include charges for all inspections, and investigations whereas the current schedule imposes charges only for routine inspections and then only at a specified frequency. Recovery is increased for NRR activities because previously imposed "ceilings" on fees would be eliminated as would the waiving of charges for Part 2 orders and consequent amendments. Under the revised rule, revenues for NMSS applications, licenses and amendments would not change appreciably except for the adjustment in staff and overhead costs. There are no new areas for recovery in NMSS and only a small portion of NMSS effort results in licenses and amendments.

The revised fee schedule would recover the costs of licensing and inspection staff effort plus contractual costs specifically identified with an application or inspection. In computing the professional rate for each of the major program offices, which included regional operations, we included personnel compensation and benefits, travel and administrative support costs for each office as well as a pro rata share of NRC's administrative support costs (e.g., Controller, ADM, ELD, IIPA, SECY, and EDO).

Enclosures 1, 2 and 3 are Tables prepared by IE, NRR, and NMSS showing an allocation of their costs on an activities basis. They show which activities are included in SECY 81-615 for cost recovery purposes and which were excluded. Activities included are essentially those required for an approval of a license, topical report, etc., and to conduct an inspection.

8301260422
PAR

(11)

The legal staff advises that the scope of the Commission's fee regulations may be broadened to cover activities which are currently excluded from cost recovery. To include activities where there are multiple beneficiaries would be a change in policy and require prorating of costs. If the Commission decides to broaden cost recovery, the staff would need to re-examine fee guidelines and perform a comprehensive in-depth analysis of the activities and resources for each Commission office. Such an analysis would require the assistance of each operating office and the legal staff. It is estimated that six months would be required to complete an NRC-wide analysis.

ITEM 2: "The rule should be modified to allow automatic annual update of fees based on prevailing salary schedules."

RESPONSE: The "Notice of Proposed Rule Making" in SECY 81-615 can be modified to provide for an annual update of professional staff rates and ranges of costs in Part 170. This can be accomplished by modifying the proposed rule to include a statement that it will be adjusted annually to take into consideration any cost changes due to salary increases and inflation.

ITEM 3: "I would propose instituting fee charges for non-profit institutions."

RESPONSE: The only non-profit institutions exempt from license fees are educational institutions (650 licenses). However, licenses issued to Federal agencies (970), State agencies (750), export licenses (500), and those Part 70 licenses issued to CP holders for fuel storage (25) are exempt from fee charges. In addition, there are approximately 100 miscellaneous materials licenses which are fee exempt and are issued to patients for pacemakers, museums, foreign governments, etc. In addition to the materials licenses cited above, there are 53 Part 50 licenses held by colleges and universities for research reactors or critical facilities licenses and these are not subject to licensing and inspection fees.

The imposition of fees on Federal agencies for licenses and inspections would require legislation since the legislation under which the Commission imposes fees expressly exempts Federal agencies. All of the other exemptions from fees could be eliminated from Part 170 by the Commission.

ITEM 4: "I would include charges for Commission orders (no application from licensee), show cause orders, and contested casework (ASLBP and ASLAP)."

RESPONSE: Since Three Mile Island there has been a significant increase in the number of licensees receiving Part 2 orders and in actions resulting from orders. In FY 1981 more than 100 individual orders were sent to licensees. None were subject to fees. Orders and resultant amendments and approvals may be made subject to fees by amending Part 170.

The legal staff has advised us that fees can be assessed to recover the Commission's costs of hearings, and may be accomplished by amending Part 170.

ITEM 5: "In conjunction with the six month billing cycle, I would propose the Commission be provided a report on the amount of fees billed by office showing the percent of contract and staff effort recovered for that six month period."

RESPONSE: Beginning six months after adoption of the amended regulations and revised schedule of fees, and every six months thereafter, the Commission would be furnished a report showing the total amount billed, amount collected and amount of contract costs and staff effort recovered.

(Signed) William J. Dircks

William J. Dircks
Executive Director for Operations

Enclosures: As stated

cc: Chairman Palladino
Commissioner Gilinsky
Commissioner Roberts
SECY
OPE
OGC

DISTRIBUTION:
LFMB License Fee File
WOMiller, LFMB
PNorry, ADM
CJHolloway, LFMB
WJDircks, EDO
Green Ticket No. 11554
LFMB R/F (2)

OFFICE	LFMB:ADM	ADM	EDO				
SURNAME	WOMiller:bs	PNorry	WJDircks				
DATE	4/10/82	4/11/82	4/26/82				

	Staff ^{1/} Years	Contractual Costs (\$000)	Total ^{2/} Cost (\$000)
<u>Headquarter Staff</u>			
<u>Subject to Recovery in Proposed Fee Schedule</u>			
Emergency Preparedness Licensing	13.5	\$401	\$1,092
Emergency Preparedness Exercises	12.3	221	851
Subtotal Included for Cost Recovery	25.8	\$622	\$1,943
<u>Not Subject to Recovery in Proposed Fee Schedule</u>			
Program Development & Appraisal	100.6	\$1,801	\$ 6,951
Incident Response/Op. Ctr. Support	16.0	371	1,190
Events Analysis	7.4	601	980
Bulletins, Circulars & Information Notices	12.3	276	906
Investigation Assistance	3.7	-	189
Enforcement Action	4.9	-	251
Reactor Training Center	23.3	1,039	2,231
Subtotal Excluded for Cost Recovery	168.2	\$4,088	\$12,698
<u>Regional Staff</u>			
<u>Subject to Recovery in Proposed Fee Schedule</u>			
Routine/Reactive Inspection	146.2	-	\$ 7,484
Preparation/Documentation	139.9	-	7,162
Investigation/Enforcement	5.0	-	256
Performance Appraisal	18.9	-	968
Subtotal Included for Cost Recovery	310.0	-0-	\$15,870
<u>Not Subject to Recovery in Proposed Fee Schedule</u>			
Independent Measurement Contracts	-	\$2,474	\$ 2,474
Non-Docket Inspector & Investigator Effort	175.3	-	8,974
Docket Travel Time	73.0	-	3,737
Non-Docket Travel Time	27.3	-	1,397
Training	36.5	-	1,868
Vendor & Contractor Activity	45.5	-	2,329
Regional Operations Center Training	11.4	-	584
Subtotal Excluded for Cost Recovery	369.0	\$2,474	\$21,363
Total IE & Regions	873.0	\$7,184	\$51,874 ^{3/}

1/ IE management direction and support costs have been prorated to each decision unit.

2/ Cost/staff year = \$51,191. Includes salaries and benefits, administrative support and travel. In the calculation of the Professional Rate, used in the Staff Paper, we have also included Program Direction and Administration and Program Technical Support Costs.

3/ Excludes \$794,000 in equipment costs which are not included for fee purposes.

NRR FY 1981 COSTS

	<u>Staff^{1/} Years</u>	<u>Contractual Costs (\$000)</u>	<u>Total^{2/} Cost (\$000)</u>
<u>Subject to Recovery in Proposed Fee Schedule</u>			
Casework - Licensing Reviews	283.4	\$12,600	\$29,795
Operating Reactors - Lic. Actions	153.1	8,695	18,053
Operator Licensing	<u>10.6</u>	<u>1,396</u>	<u>2,074</u>
Subtotal Included for Cost Recovery	447.1	\$22,691	\$49,922
<u>Not Subject to Recovery in Proposed Fee Schedule</u>			
Casework			
Generic Safety Assessment	18.8	\$ 2,900	\$ 4,113
Contested Hearings	10.4	-	615
Non-Commercial: Non-Power Reactors	<u>4.6</u>	<u>251</u>	<u>533</u>
Subtotal - Casework	33.8	\$ 3,151	\$ 5,261
Operating Reactor - Safety Assessment	18.8	\$ 2,039	\$ 3,221
Operator Licensing	1.7	\$ 247	\$ 355
Systematic Safety Evaluation of Operating Reactors	32.9	\$ 3,390	\$ 5,457
Safety Technology			
Unresolved Safety Issues	12.5	\$ 1,093	\$ 1,873
Risk Assessment	15.6	720	1,671
Generic Issues	47.0	1,347	4,174
Research/Standards Coordinator	21.9	-	1,291
Operating Experience Evaluation	7.7	497	970
Regulatory Requirements	36.0	314	2,450
Code Analysis & Maintenance	<u>-</u>	<u>1,764</u>	<u>1,827</u>
Subtotal - Safety Technology	140.7	\$ 5,735	\$14,256
TMI-2 Cleanup	<u>25.0</u>	<u>\$ 660</u>	<u>\$ 2,155</u>
Subtotal Excluded for Cost Recovery	252.9	\$15,222	\$30,705
Total NRR	<u>700.0</u>	<u>\$37,913</u>	<u>\$80,627</u>

^{1/} NRR management direction and support costs have been prorated to each decision unit.

^{2/} Cost per staff year = \$61,020. Includes salaries and benefits, administrative support and travel. In the calculation of the Professional Rate, used in the Staff Paper, we have also included Program Direction and Administration and Program Technical Support Costs.

NMSS - FY 1981 COSTS

	<u>Staff^{1/} Years</u>	<u>Contractual Costs (\$000)</u>	<u>Total^{2/} Cost (\$000)</u>
<u>Subject to Recovery in Proposed Fee Schedule</u>			
Fuel Cycle & Materials Safety	35.7	\$ 590	\$2,798
Safeguards	4.5	-	278
Waste Management	<u>7.3</u>	<u>623</u>	<u>1,075</u>
Subtotal Included for Cost Recovery	47.5	\$1,213	\$4,151
<u>Not Subject to Recovery in Proposed Fee Schedule</u>			
Licensing Activity (includes fee exempt, agreement state work and generic work)	49.3	\$ 185	\$3,235
Non-Licensing Activities			
Radiological Contingency Planning	7.5	300	764
Update/Development of Regulations	87.6	6,538	11,957
Program Area Direction & Misc.	37.1	1,593	3,888
Assess SG Effectiveness	34.6	1,667	3,807
IAEA Agreement Implementation	3.5	80	296
High Level Waste Site Screening	4.5	-	278
West Valley Proceedings	3.2	1,047	1,245
Develop Licensing Review Procedures	11.6	2,228	2,946
Remedial Actions & Decommissioning	<u>6.6</u>	<u>961</u>	<u>1,369</u>
Subtotal Excluded for Cost Recovery	245.5	\$14,599	\$29,785
Total NMSS	293.0	\$15,812	\$33,936

^{1/} NMSS management of direction and support costs have been prorated to each decision unit.

^{2/} Cost per staff year = \$61,857. -Includes salaries and benefits, administrative support and travel. In the calculation of the Professional Rate, used in the Staff Paper, we have also included Program Direction and Administration and Program Technical Support Costs.