

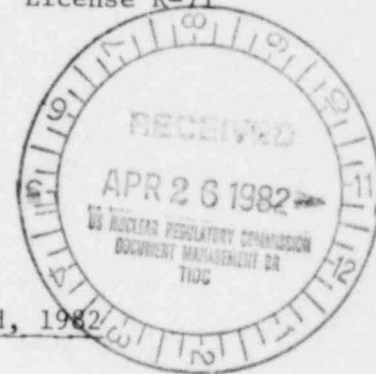


COMMUNITY SAFETY DEPARTMENT  
OFFICE OF RESEARCH & OCCUPATIONAL SAFETY  
LOS ANGELES, CALIFORNIA 90024

April 19, 1982

Docket No. 50-142  
License R-71

Mr. James R. Miller  
Standardization and Special Projects Branch  
Division Licensing  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555



Re: Docket No. 50-142; Your letter of March 23rd, 1982

Dear Mr. Miller:

In response to your letter of March 23rd, 1982, requesting some additional clarifying information relative to our January 25th, 1982 submittal, we provide the following:

1. Costs of Operation

The cost data submitted under the heading "Estimated Annual Cost of Operations" on page I/2-1 of the application were derived from fiscal year 1978/79 budget data for the Nuclear Energy Laboratory (NEL) by the NEL Manager. The cost data represent estimates of NEL direct operating costs. As noted on page I/1-1 of the application, that cost information did not purport to account for the indirect costs of operations. Indirect costs of operations are not provided for in the budgets of University Schools, Departments or units (such as the NEL) but, rather, are recovered and accounted for at the campus level.

The cost data provided in Attachment "B" to our January 25th, 1982 submittal were prepared by the UCLA Finance office from actual accounting data for fiscal year 1980/81. Because the data relates to the 1980/81 fiscal year, it reflects the two (2) years of inflationary increases which occurred in all cost categories of the application data. Moreover, the Finance Office data accounts for the indirect costs of Operations based on the standard rate for indirect costs (31%) that has been negotiated with the federal government to apply to the University as a whole.

In considering either set of data the following should be noted. The NEL is an administrative unit that is responsible for carrying out a number of program activities. Reactor operations are the central but

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Costs of Operation (cont'd)

not the exclusive activity of the unit. The NEL also provides technical assistance to various extramurally-funded contracts and grants of the School of Engineering and Applied Science (SEAS), activities which are unrelated to reactor operations. The cost of providing these non-reactor-related services are "recharged" to the activities requesting the services, and the corresponding internal accounting adjustment results in what has been described as "other income" to the NEL (see item 2, below).

In the financial data provided in the application, the NEL Manager has simply estimated the time spent by his staff on reactor operations in 1978/79 as distinguished from non-reactor operations (for example, it was estimated that the Manager spent 2/3 of his time on reactor operations). In the data prepared by the Finance Office, which was submitted in our January 25th, 1982 letter, the actual non-reactor-related "recharges" to other activities have been summarized from each of the NEL monthly accounting statements and these total recharges have been subtracted from the NEL budget as part of the derivation of total reactor operating costs. Note also that in the Finance Office data the entire amount of the "general assistance" (part-time) salaries, which include the salaries of part-time student reactor operators as well as all other student assistants, are categorized as reactor costs. In the application data, only the portion of general assistance which represented the estimated costs of the student reactor operations was included as reactor costs.

To assist in comparing the two (2) sets of data several matters can be pointed out. Except for the different years and the different assumptions used in deriving each set of data, as noted above, the application "Total" figure of \$167,000 corresponds to the "Total Expense" figure of \$258,845 appearing under "Net Reactor Costs" in Attachment "B" to the January 25th letter. In Attachment "D" to the January 25th letter, the number of full-time staff employees is described as six (6), which does not account for the health physicist assigned to the NEL by the campus Office of Research and Occupational Safety. In the application a reference is made to seven (7) full-time employees, a number that includes the health physicist. Salary costs for the Director of the NEL are ignored in both sets of data. The Director is a faculty member whose salary is not budgeted to the NEL but to the School of Engineering, as are all members of the regular engineering faculty.

2. Other Income

"Other Income" is a reference to the "recharge" income which the NEL receives for the services that are provided in support of various contracts and grants of the School of Engineering. Each contract or grant is charged for the cost of the services and the NEL is credited with the corresponding income amounts. The services rendered include

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Other Income (cont'd)

fabrication of experimental apparatuses, technical consulting, and secretarial assistance. No reactor operations are conducted in support of these activities. Both regular NEL staff personnel and non-NEL staff personnel assist from time to time in providing these contract and grant services. The recording of the costs for these services and the corresponding "recharge income" represents an internal accounting transaction. The "Other Income" amounts of page I/1-1 of the application, which are more appropriately identified as "Recharge Income", correspond to what has been identified in Attachment "B", to the January 25th letter as "Non-Reactor Costs" (the \$60,264 amount for 1980/81).

3. Source of Funds

A source of funds statement for the NEL for the 1980/81 fiscal year corresponding to that which appears on page I/1-1 of the application and which accounts for the funding of the indirect costs is as follows:

SEAS Appropriation	\$189,724
Reactor User Fee Income	33,855
Recharge Income	<u>60,264</u>
<u>Subtotal</u>	283,843
Contribution of the Office of Research and Occupational Safety	\$ 35,266
University Contribution for Indirect Costs at 31% MTDC	<u>97,795</u>
<u>Subtotal</u>	\$416,904

Note that only the first three (3) items appear in NEL budget and accounting data. The later two (2) items are not properly regarded as sources of funds for NEL operations, but are included here for completeness.

4. Annual Financial Report

We have attached a copy of the UCLA Financial Report for 1980/81 as requested.

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We intend to amend our application to include portions of the financial information we have recently provided the Commission (herein and in the January 25th, 1982 letter). However, unless specifically requested, we will not amend the application to include the most recent UCLA Financial Report.

If we can provide any further information please let us know.

Sincerely,



Walter F. Wegst  
Director  
Research and Occupational Safety

cc: W.H. Cormier  
N.C. Ostrander

WFW/gr  
Encl.