



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

July 29, 1998

CHAIRMAN

The Honorable Pete V. Domenici, Chairman  
Subcommittee on Energy and Water Development  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

Now that the House of Representatives and Senate have passed their versions of the FY 1999 Energy and Water Development Appropriations Bills, I want to briefly address some of the concerns that were raised in the Appropriations Committees' reports and bring to your attention specific funding issues for consideration by the House/Senate Conference Committee.

Both the House of Representatives and Senate Appropriations Committees' reports raise concerns regarding the Nuclear Regulatory Commission's (NRC) regulatory program. We agree that there is room for improvement in the NRC's regulatory programs and the Commission is examining the concerns from a constructive perspective. The NRC already has a number of efforts underway to address the concerns raised in the reports and to seek program improvements. Additionally, the Commission recently met with several of its stakeholders to discuss concerns about the NRC's regulatory programs. This meeting was very useful and will help to further define the issues and improvements to our programs. I would like to meet with you in September to personally give you a report on the status of our efforts.

With regard to specific funding provisions of the appropriations bills, the Senate passed bill (S. 2138) would appropriate \$470.8 million to the NRC and the House passed bill (H.R. 4060) would provide \$467.5 million as shown below:

	President's <u>Budget</u>	<u>S. 2138</u>	<u>H.R. 4060</u>
Salaries and Expenses			
Appropriation:			
Nuclear Waste Fund	\$18.5	\$17.0	\$14.8
DOE related work	3.2	3.2	3.2
All other work	<u>461.6</u>	<u>445.8</u>	<u>444.7</u>
	\$483.3	\$466.0	\$462.7
IG Appropriation	<u>5.3</u>	<u>4.8</u>	<u>4.8</u>
TOTAL NRC	\$488.6	\$470.8	\$467.5

Both bills constitute sizeable reductions from the requested level. This will require NRC to reduce its planned FY 1999 programs by at least \$17.8 million. We have taken a number of actions that are responsive to Congressional concerns and have made program adjustments in

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support of these actions, such as cutting back on our reactor inspection and reactor oversight programs, curtailing selected safety research, eliminating studies of nuclear materials operating experience, streamlining our organization, and reducing many of our support activities. There is some uncertainty of the effect these reductions will have on our regulatory programs and on our ability to pursue change initiatives. However, we are committed to examining our programs to minimize health and safety impact from funding reductions and making needed improvements, and therefore request that, at a minimum, the Senate funding level be provided for FY 1999. Based on preliminary calculations of the budget as proposed in S. 2138, NRC will have to achieve a staffing reduction of approximately 170 FTE by the end of FY 2000. Although the Commission is not requesting relief from the proposed reductions in the "all other work" category, we are requesting Congress to authorize NRC limited buyout authority as a management tool to cope with a staffing reduction of this magnitude.

The Senate appropriations of \$470.8 million includes \$17 million from the Nuclear Waste Fund for the NRC's high level waste activities while H.R. 4060 provides \$14.8 million. The NRC believes funding for our high level waste activities is at a critical juncture -- a time when the Department of Energy (DOE) will be publishing major program documents on the viability of the Yucca Mountain site and will be nearing submittal of the repository license application. Funding at the level proposed in H.R. 4060 would likely delay completion of the NRC's final site-specific regulation for a high level waste repository at Yucca Mountain until FY 2000, would result in a narrower-scope review of the DOE's draft Environmental Impact Statement in FY 1999, and would result in less complete guidance to DOE in preparing the license application. Thus, if NRC's high-level waste activities were funded at the level proposed in H.R. 4060, it would be more likely that issues will be raised during the licensing proceeding which could extend the licensing period beyond the three to four years specified in the Nuclear Waste Policy Act. For these reasons, the Commission requests that the NRC high level waste activities be funded at the \$17 million in S. 2138.

The NRC also supports S. 2138 in allocating \$20,000 for official representation funds; H.R. 4060 would allocate only \$5,000. The Congress has appropriated \$20,000 each of the past 10 years to NRC to conduct protocol functions which support important Commission and United States Government nuclear safety interests. These funds are mostly used for very modest representational events honoring high-ranking foreign visitors or to purchase low-cost mementoes presented to such officials and for NRC's contribution to the United States national reception at the annual International Atomic Energy Agency General Conference. These funds are carefully controlled to avoid inappropriate use and are important in conducting interactions with foreign officials.

The Commission, NRC licensees, and the Congress have expressed concerns regarding the fairness and equity of charging licensees for certain agency expenses which cannot be attributed to individual licensees or classes of licensees. The Commission has recently considered issues associated with fees, and concluded that reducing the fee-based portion of our budget addresses the fairness and equity issues. Thus, the Commission supports removing a portion of NRC funding from the fee base, as is provided for in S. 2138.

The NRC believes that information obtained from the Lawrence Berkeley National Laboratory (LBNL) pilot project supports proceeding with the regulation of that facility. Additionally, the

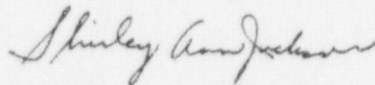
NRC is willing to accept full regulatory responsibility for LBNL including regulatory oversight of the LBNL accelerator. This would require that NRC be given statutory authority to regulate the LBNL accelerator in advance of ending the Department of Energy's oversight.

Finally, the House report states that the license renewal process, from license application to approval by the Commission, should take no more than two years. The NRC has developed an aggressive schedule and process controls which will meet the needs for appropriate safety reviews, environmental reviews, and public hearing, if warranted. This schedule, as applied to the initial license renewal applications from Baltimore Gas and Electric (Calvert Cliffs) and Duke Power (Oconee), is expected to take approximately 36 months, which includes time for a public hearing, from receipt of the application to a Commission decision. The Commission expects to build on that experience to make the review process for subsequent renewal applications as expedient and as efficient as possible.

With the Senate and House appropriations bills as a catalyst, the NRC FY 2000 budget proposal will reflect a revised approach to the regulatory framework. Through the full implementation of the Planning, Budgeting and Performance Management Process our FY 2000 program resource requirements will result in more streamlined processes. Some of that streamlining is ongoing and is reflected in the current FY 1999 budget estimate. Decisions to further accelerate change in areas where criticisms are found to be valid may require further changes to the FY 2000 program and the associated budgetary resources.

I appreciate the opportunity to express our concerns and would be pleased to discuss these issues in more detail with you.

Sincerely,

A handwritten signature in cursive script, reading "Shirley Ann Jackson".

Shirley Ann Jackson

cc: Senator Harry Reid