

FINAL SUPPORTING STATEMENT
FOR
DOE/NRC FORM 742
"MATERIAL BALANCE REPORT"
and NUREG/BR-0007
"INSTRUCTIONS FOR THE PREPARATION AND DISTRIBUTION
OF MATERIAL STATUS REPORTS"
(3150-0004)

REVISION

Description of the Information Collection

NRC regulations require each licensee who is authorized to possess at any one time and location special nuclear material (SNM) in a quantity totaling more than 350 grams of contained uranium-235, uranium-233, or plutonium, or any combination thereof, to prepare and submit reports concerning SNM received, produced, possessed, transferred, consumed, disposed of, or lost. Each NRC licensee who has been selected for the application of International Atomic Energy Agency (IAEA) safeguards under 10 CFR Part 75 is required to complete and submit DOE/NRC Form 742, "Material Balance Report," within thirty days after the start of a physical inventory. In addition, each licensee, Federal or State, who is authorized to possess, at any one time or location, 1,000 kilograms of source material, is required to file with the NRC semiannually a statement of source material inventory. The instructions for completing Form 742 are in NUREG/BR-0007, "Instructions for the Preparation and Distribution of Material Status Reports." This clearance revision incorporates changes in information collections contained in the Proposed Rule, "Material Control and Accounting Requirements," which was published in the Federal Register on May 25, 2001 (66FR 28934) and approved by OMB on July 17, 2001.

A. JUSTIFICATION

1. Need for and Practical Utility of the Collection of Information

In order for the United States to fulfill its responsibilities as a participant in the US/IAEA Safeguards Agreement and to satisfy bilateral agreements with Australia and Canada and its domestic safeguards responsibilities, it is necessary for licensees affected by 10 CFR Part 75 and related sections of Parts 30, 40, 50, 70, 74, and 150 to submit accounting reports. The accounting reports for each IAEA material balance area must include material status reports based on a physical inventory of nuclear materials actually present.

10 CFR 75.35 requires that each licensee identified by the Agreement submit material status reports for each physical inventory taken as part of the material accounting and control procedures. A computer-readable DOE/NRC Form 742 is used for the collection of the information on the material balance of nuclear material.

2. Agency Use of the Information

NRC is required to collect nuclear material transaction information and make it available to the IAEA. The use of DOE/NRC Form 742, together with NUREG/BR-0007, the instructions for completing the form, enables NRC to collect, retrieve,

analyze as necessary, and submit the data to IAEA to fulfill its reporting responsibilities. Use of this report form, in ADP format, enhances NRC's ability to collect and provide this data.

This information is needed to provide to the Australian and Canadian Governments a periodic report showing the inventory of all materials in each U.S. facility that is subject to their respective Bilateral Agreements; to satisfy the terms of the US/IAEA Safeguards Agreement; and for the domestic inspection program.

3. Reduction of Burden Through Information Technology

Licensees previously had the option of submitting the required information on a facsimile of the form or transmitting the information electronically. NRC amended its regulations to require licensees using DOE/NRC Forms 741, 740M, 742, and 742C to submit such reports in a computer-readable format. This change eliminated the need for hard copy forms and reduced the burden on licensees through the use of current information technology.

4. Effort to Identify Duplication and Use Similar Information

In general, information required by NRC in reports or records concerning the transfer, receipt, or change in inventory of source or special nuclear material does not duplicate other Federal information collection requirements and is not available from any source other than applicants or licensees. Portions of the needed information might be contained in other information submittals to NRC or other Federal agencies. However, duplication, if any, is slight, and the collection of this information by use of specified forms and other required reports and records is the most effective and least burdensome means of obtaining the information.

Submission of similar information on the inventory of nuclear material to the Federal government has been minimized by NRC and the Department of Energy (DOE) jointly utilizing the Nuclear Materials Management and Safeguards System (NMMSS). Common reporting forms are used to minimize the reporting burden on industry members required to provide nuclear material data to one or both agencies in accordance with prevailing regulations or contractual obligations. The licensee is thus able to file one report to meet the requirements of both agencies. Compliance with specific reporting requirements is monitored by the agency for which the specific data is required.

5. Effort to Reduce Small Business Burden

This reporting requirement affects approximately 200 persons licensed by the NRC or an Agreement State to possess source or special nuclear material at certain types of facilities, or at any one time and location in amounts greater than specified amounts.

Most of these licensees are large, independent industrial firms, each with an estimated annual gross income of more than \$1 million and a staff of more than 500 people. The NRC has determined that the respondents are not small businesses as that term is used in the Regulatory Flexibility Act.

6. Consequences to Federal Program or Policy Activities if the Collection is Not Conducted or is Conducted Less Frequently

Affected licensees are required to submit reports semiannually. This schedule is reasonable because the submission will coincide with taking a physical inventory. The collection and recording of data for inventory purposes is a continuing process that the licensee carries out throughout the year for the licensee's internal records. At the specified times for inventory reports, the licensee simply submits the accumulated data from the licensee's records, based either on book inventory or on data from a physical inventory, to NRC on Form 742. The requirement to report within thirty days of the ending date is a reasonable measure to ensure timeliness in receipt of inventory data by NRC in order to maintain material accountability under its statutory responsibility pursuant to the Atomic Energy Act to assure protection of the common defense and security. Moreover, the US/IAEA Safeguards Agreement specifies that reports are to be submitted within 30 days following a physical inventory taking. The Canadian and Australian Bilateral Agreements require that reports be submitted yearly and twice yearly, respectively.

If licensees are not required to submit these reports, NRC will not be able to maintain material accountability under its statutory responsibilities of the Atomic Energy Act.

7. Circumstances which Justify Variation From OMB Guidance

Contrary to OMB guidelines in 5 CFR 1320.5(d), 10 CFR 75.35 requires submission of the report within 30 days or less. This requirement is necessary to satisfy the terms of the US/IAEA Safeguards Agreement (INFCIRC/288).

8. Consultations Outside of NRC

The opportunity for public comment on the information collection requirements was published in the Federal Register on March 27, 2003 (68 FR 15005). One commenter responded to the four questions published in the Draft Federal Register Notice based on an industry poll. The following provides a summary of the comments and the NRC response to each.

Question 1:

Is the proposed collection of information necessary for the NRC to properly perform its functions? Does the information have practical utility?

Response 1:

The information has no practical utility for the industry and only a few members indicated they use the requested information for any other purpose than reporting to the NRC.

Resolution 1:

The information is needed to satisfy commitments that the U.S. Government has made through formal Agreements for Peaceful Nuclear Cooperation and other Treaty commitments. The data is also used by Material Control Inspectors for regulatory oversight. Since the Treaties and Agreements have been formally approved by the U.S. Government, the NRC is in the position of implementing regulations and data collection to satisfy the Treaties and Agreements.

Question 2:

Is the burden estimate accurate?

Response 2:

The poll revealed that only in a few cases were the burden estimates correct. In these few cases the companies developed specific software for tracking and reporting on the NRC Forms 742 and 742C. The vast majority of the industry indicated it required between 40 and 80 hours to complete each form.

Resolution 2:

Staff has reviewed the burden estimates previously provided and has conducted a poll of approximately 7 licensees that represent a cross-section of the types of facilities affected by the reporting requirement (table attached). Based upon the results of the polled, the burden estimates are being revised for DOE/NRC Form 742, but remain unchanged for DOE/NRC Form 742C.

Question 3:

Is there a way to enhance the quality, utility, and clarity of the information to be collected?

Response 3:

To enhance the quality, utility, and clarity of the information to be collected, NRC could contact the companies that have gone through the expense to develop the software to track and report on the NRC Forms 742 and 742C, purchase the software from them and make it available for industry use. This would have the benefit of standardizing the means of tracking and reporting the data and would reimburse those companies who spent time and resources to develop the software. It would also greatly reduce the burden on the industry.

Resolution 3:

The NRC is aware that some reactor sites and fuel cycle facilities develop their own software for tracking nuclear material for their business and regulatory purposes. There are also some reactor sites that contract out the development of software for tracking nuclear material for their business and regulatory purposes. To aid industry, a Government contractor has developed and supplies free of charge a software package to any licensee to aid them in providing these two forms in the required electronic format. The Government contractor has presented this software package at annual meetings where industry's nuclear material tracking staff attend. Comments from industry are sought and used to update this software that is provided free of charge to industry.

Question 4:

How can the burden of the information collection be minimized, including the use of automated collection techniques or other forms of information technology?

Response 4:

To minimize the burden of the information collection, including the use of automated collection techniques or other forms of information technology, NRC could contact the companies that have gone through the expense to develop the software to track and report on the NRC Forms 742 and 742C, purchase the software from them and make it available for industry use. This would have the benefit of standardizing the means of tracking and reporting the data and would

reimburse those companies who spent time and resources to develop the software. The commenter further indicated that this would greatly reduce the burden on the industry.

Resolution 4:

The U. S. Government contractor has developed and distributes free of charge a software package that aids industry in submitting these two forms in the required electronic format.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of Information

Some proprietary information may be included when necessary to provide an adequate response. An application to withhold such information from public disclosure may be made in accordance with the provisions of 10 CFR 2.790. If any of this information is of particular sensitivity, a request may be made that such information not be physically transmitted to the IAEA; such a request must refer to, and conform with, 10 CFR 74.12.

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

Based on a licensee survey, the burden for preparation and submission of each DOE/NRC Form 742 has been re-estimated at 5 hours. This estimated is based on submittals to NRC in recent years, that 200 licensees will each submit one DOE/NRC Form 742 per year, resulting in a total of approximately 200 reports submitted annually. Thus, the total burden for all licensees will be 1,000 hours.

The cost to licensees is calculated at a rate of \$154 per hour, based on NRC's fully recoverable fee rate. The annual cost to each respondent to comply with this requirement is estimated to be approximately \$770 (1 report/licensee x 5 hours/report x \$154/hour). The total annual cost to all affected licensees is estimated to be approximately \$154,000.

13. Estimate of Other Additional Costs

None.

14. Estimated Annualized Cost to the Federal Government

The collection of information requires an average of 5 minutes/form of NRC staff time. For approximately 200 reports the collection requires 16.7 hours per year (5 minutes/report x 200 reports = 16.7 hours/year). Annual labor costs at \$154 per staff hour will be \$ 2,572. These costs are fully recovered through fee assessments to NRC licensees pursuant to 10 CFR Parts 170 and 171. Other

costs are attributed to operating the Nuclear Materials Management and Safeguards System (NMMSS).¹

15. Reasons for Change in Burden or Cost

The overall burden increased by 700 hours from 300 to 1,000 hours because of the recalculation of the time required for licensees to complete and submit the forms. A poll of approximately 7 licensees was conducted and the results indicated an average of 4-5 hours is needed to complete and submit the necessary information on DOE/NRC Form 742. Although the burden increased, the reporting frequency was reduced from twice per year to once per year as a result of the Proposed Rule, Material Control and Accounting Requirements approved by OMB on 7/17/2001, and became effective March 24, 2003. The change in cost reflects an increase in the annual labor cost from \$143 to \$154 for material and reactor licensees.

16. Publication for Statistical Use

Results will not be tabulated or published.

17. Reason for Not Displaying the Expiration Date

The expiration date is displayed on DOE/NRC Form 742.

18. Exceptions to the Certification Statement

There are no exceptions.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods are not used in this collection of information.

¹ NRC and DOE share the cost of operating the Nuclear Materials Management and Safeguards System (NMMSS). Current NRC cost of the system FY03 is \$1,500,000. This includes the cost of ADP, record holding, and clerical processing of all forms (DOE/NRC Forms 741, 740M, 742, and 742C).

ATTACHMENT

**List of Licensees Contacted to Obtain
Information for DOE/NRC Forms 742 and 742C Burden**

<u>Licensee</u>	<u>Contact Name</u>	<u>Phone Number</u>	<u>Response for Review and Form Completion</u>
NIST A licensee who possess small quantities (around 100 grams) of enriched uranium/plutonium, and minor quantities (kilograms) of natural uranium/depleted uranium.	Barbara Biss	(301) 975-5800	20 minutes
GNFA A fuel fabrication facility that possess a large quantity (hundred of tons) of enriched uranium and several tons of natural uranium. A total of 8 hours to review and complete each set of forms (1-2 hours to complete 742 form). Most of this time is needed for review of data.	Rose Martyn	(910) 675-6411	4 hours
Millstone (3 reactors) This facility possess a large quantity (hundred of tons) of enriched uranium, depleted uranium and substantial quantity (tons) of plutonium. A total of 16 hours for 3 reactors to review and complete the set of forms (4-5 hours to complete 742 form) for each reactor. The contact noted that it only takes about 15 minutes for each of the forms to be completed, but most of 16 hours is needed for review of data on the forms.	Carol Mandigo	(860) 440-0209	5 hours
Oconee (3 reactors) This facility possess a large quantity (hundred of tons) of enriched uranium, depleted uranium and substantial quantity (tons) of plutonium. A total of 40 hours for 3 reactors to review and complete the set of these forms (5 hours to complete 742 form) for each reactor. The contact noted that this effort is needed to collect the data, prepare the form and perform quality control over the data.	Tamara Reavis	(704) 382-6775	7 hours
Penn State A licensee who operates a research reactor and possess several thousand grams of enriched uranium and minor quantities (grams) of plutonium and (kilograms) of natural uranium/depleted uranium. A total of 8 hours to review and complete each set of forms (2-3 hours to complete 742 form). Most of this time is used for review of data, not the completion of the forms.	Mike Morlang	(814) 865-6351	4 hours
North Anna (2 reactors) This facility possess a large quantity (hundred of tons) of enriched uranium, depleted uranium and substantial quantity (tons) of plutonium. A total of 40 hours for 2 reactors to review and complete the two set of forms (4-5 hours to complete 742 form) for each reactor. The contact noted that most of the effort is for quality review of the data, not the completion of the forms.	Mark Laidlow	(804) 273-2861	10 hours
Cook (2 reactors) This facility possess a large quantity (hundred of tons) of enriched uranium, depleted uranium and substantial quantity (tons) of plutonium. A total of 16 hours for review and completion of the two sets of these forms (4-5 hours to review and complete 742 form) for each reactor.	Walt MacRae	(269) 697-5633	4 hours