

Public Meeting on the FY 2016 Proposed Fee Rule

April 13, 2016
1:00 p.m.–3:30 p.m.



Opening Remarks from the Chief Financial Officer Maureen E. Wylie



Establishing Ground Rules for the Meeting

Lisa Clark
Meeting Facilitator



Key Features of the NRC FY 2016 Budget



Operating Reactors

Mary Jane Ross-Lee

Office of Nuclear Reactor Regulation



PROGRAM: Nuclear Reactor Safety
BUSINESS LINE: Operating Reactors



FY 2016 Budget Drivers

- **Licensing Actions**
 - **Bulletin 2012-01, risk informed TS, reduce backlog**
- **Fukushima NTTF**
- **Integrated Response Plan**
- **Topical Reports**
- **Reactor Safety Research**
- **Watts Bar 2**

FY 2016 Budget Decreases

- **Completion of some license renewal reviews, NFPA – 805 reviews, flooding dam failure analysis**
- **Cost saving with increased contract support efficiency**
- **Reduced focus on IT high performance consolidation**
- **Potassium iodide replenishment**
- **Decommissioning plants to NMSS**



PROGRAM: Nuclear Reactor Safety
BUSINESS LINE: Operating Reactors



Major Product Lines

- Licensing
- Oversight
- Rulemaking
- Research
- International Activities
- Generic Homeland Security
- Event Response

Licensees

- Nuclear Power Reactors (100)
- Research and Test Reactors (31)



New Reactors

Bob Caldwell
Office of New Reactors



Fuel Facilities

Shana Helton
Office of Nuclear Material
Safety and Safeguards



PROGRAM: Nuclear Materials and Waste Safety
BUSINESS LINE: Fuel Facilities



Major Product Lines

- Licensing
- Oversight
- Rulemaking
- International Activities
- Generic Homeland Security
- Event Response

Licensees

- Fuel facilities convert, enrich uranium, and fabricate fuel for reactors
- Greater than critical mass activities in education and research and development (R&D)



PROGRAM: Nuclear Materials and Waste Safety
BUSINESS LINE: Fuel Facilities



FY 2016 Budget Drivers

- **Routine Licensing Actions.**
- **Fuel Facility Oversight.**
- **Natural Phenomena Actions (post-Fukushima).**
- **Revision to Fuel Cycle Oversight Process**
- **Rulemaking**



Fuel Facility Fee Budget

- **FY 2016 Fee Budget is \$40.6M**
- **A decrease of \$5.2M from FY 2015**



Decommissioning and Low Level Waste

Michael Norato
Office of Nuclear Material
Safety and Safeguards



Agency Support

Maureen E. Wylie
Chief Financial Officer



Bridging Budget Formulation to Fees

Maureen E. Wylie



Questions and Answers with External Participants



Break



Fees 101

Christine Galster
Office of the Chief Financial Officer



FY 2016 Proposed Fee Rule Highlights

Michele Kaplan
Office of the Chief Financial Officer



Budget Authority

- As stated in the FY 2016 Proposed Fee Rule, the budget authority is based on the FY 2016 appropriation (Public Law 114-113) in the amount of \$1,002.1 million, a decrease of \$13.2 million from the FY 2015 Final Fee Rule.



BUDGET AND FEE RECOVERY AMOUNTS FOR FY 2016 PROPOSED RULE

[Dollars in Millions]

Total Budget Authority

\$1,002.1

Less DNFSB, WIR, and Generic

Homeland Security (Non-Fee Items)

- 21.1

Balance

\$ 981.0

Fee Recovery Rate for FY 2016

x 90.0%

Total Amount to be Recovered For FY 2016

\$ 882.9

Billing Adjustments

1.0

Adjusted Recovery Amount

\$ 883.9

Less Estimated Part 170 Billings

- 325.8

Part 171 Fee Collections Required

\$ 558.1

Hourly Rate Methodology

FY 2016 Proposed Fee Rule



FY 2016 Budget Included in Hourly Rates

Mission Direct Program Salaries & Benefits		\$362.9M
Mission Indirect Program Support		138.7M
Management & Support: Corporate Support, and IG		<u>324.6M</u>
Subtotal:		\$826.1M
Less Offsetting Receipts		- 0.1M
Total Budget Included in Hourly Rate		<u>\$826.0M</u>
Mission Direct FTEs:	2,157 FTEs	
Annual Direct Hours per Direct FTE:	1,440 Hours	
Professional Hourly Rate		\$266
(Total Budget Included in Hourly Rate divided by Mission Direct FTE Hours)		

* Methodology based on OMB circular A-25 "User Charges"

** Budget included in Hourly Rate calculation excludes Direct Program Contract Costs

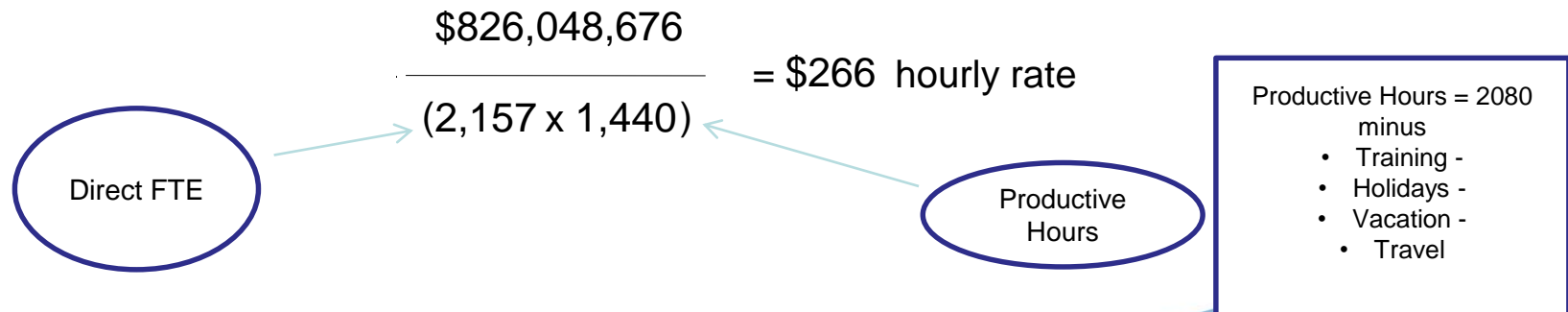
10 CFR 170 Hourly Rate Calculation

Budget Resources

_____ = Hourly Rate

Mission Direct FTE Hours

FY 2016 Proposed Rule



10 CFR 170 Fee Estimate

- Develop estimates by License Fee Class
 - Use Billing data from 4 quarters
 - Includes Hourly Rate Charges and Contract Work
 - Adjust for changes in workload projections
 - Adjust for change in Hourly Rate
- Proposed Rule estimates 3 Quarters of Fees Collected
 - Invoice data: 3 quarters of prior year & 1 quarter of current year
- Final Rule estimates 1 Quarter of Fees Collected
 - Invoice data: 1 quarter of prior year & 3 quarters of current year

Part 171 – Annual Fees

Annual Fee Calculation

1. Budgeted resources by Fee Class
2. Less estimated Part 170 receipts
3. Add allocated generic transportation
4. Allocate Net Fee-Relief/Low Level Waste (LLW) Surcharge
5. Allocate billing adjustment
6. Balance is the required annual fee recovery amount

Part 171 Calculation example: Power Reactor Fee Class

Dollars in Millions]

	FY 2015	FY 2016P
Step 1 Budget:	762.1	750.6
Step 2 Billings: Part 170 Estimated	(\$284.1)	(\$282.1)
Step 3-6 Remaining: Allocated to Annual Fee	475.9	471.2

Operating Reactors	<u>99</u>	<u>100</u>
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Annual Fee per Reactor	\$4,807,000	\$4,712,000
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Part 171 Calculation example: Fuel Facilities Fee Class

[Dollars in Millions]

	FY 2015	FY 2016P
Step 1 Budget:	42.8	40.6
Step 2 Billings: Part 170 Estimated	(\$11.50)	(\$11.60)
Step 3-6 Remaining: Allocated to Annual Fee	33.9	31.8

No. of Licensees

9

9

Average Change

18%

-6%

Part 171 Calculation example: Uranium Recovery Fee Class

[Dollars in Millions]

		FY 2015	FY 2016
Step 1 Budget:		11.26	12.62
Step 2 Billings:	Part 170		
Estimated		(10.13)	(11.68)
Steps 3-6 Remaining:	Allocated		
to Annual Fee		1.06	0.93

Dept. of Energy:	UMTRCA		
program		0.67	0.55
Remaining licensees		0.39	0.38
		1.06	0.93

Percentage Change for Remaining UR licensees

+7%

+11%

Additional FY 2016 Proposed Fee Rule Changes

- The rule proposes charging user fees for NRC work spent on responding to significant Touhy requests
- Revise license application flat fees based on the new hourly rate.
- Small Entity fees will increase to \$3,400 for the upper-tier fee and \$700 for the lower-tier fee
- Amend language under 10 CFR 170.11 to clarify exemption requirements
- Add a new fee relief category – DOD remediation program
 - Oversight activities

FY 2016 Fee Rule

- FY 2016 Fee Rule, Docket No. NRC-2015-0223
<http://www.regulations.gov>
 - Proposed Fee Rule (81 FR 15457; March 23, 2016)
 - Work Papers (ADAMS # ML16056A437)
- The NRC expects to publish the Final Rule in June 2016 which will include the final fee amounts.
- The licensees should expect final invoices to be mailed by August 2016.

Questions and Answers with External Participants



Public Comment Submission



Submit Comments for FY 2016 Proposed Fee Rule



- Submit comments by April 22, 2016
- Docket No. NRC-2015-0223
- Federal Rulemaking Web Site: <http://www.regulations.gov>
- Email comments: Rulemaking.Comments@nrc.gov
- Fax comments:
 - Secretary, U.S. Nuclear Regulatory Commission, 301-415-1101
- Mail comments:
 - Secretary, U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001
ATTN: Rulemakings and Adjudications Staff
- Hand deliver comments to:
 - 11555 Rockville Pike, Rockville, MD 20852

Closing Remarks from the Chief Financial Officer Maureen E. Wylie




Meeting Adjourned



Public Meeting on the Request for Information on Fees Development and Communications

April 13, 2016
3:30 p.m.-4:00 p.m.



Establishing Ground Rules for the Meeting

Lisa Clark
Meeting Facilitator



Request for Information on Fees Development and Communications

Michele Kaplan
Office of the Chief Financial Officer



Background

- Each year, the NRC determines its hourly, annual, and flat fees via the rulemaking process.
- The Office of the Chief Financial Officer is now undertaking an effort to:
 - Simplify how the NRC calculates fees
 - Improve transparency
 - Improve timeliness of communications of fee changes
- As part of that effort, we are requesting information from the public on issues related to the development and communication of agency fees (81 FR 15352; March 22, 2016).

Goal

- The focus of this information-gathering effort is to obtain information for us to consider when evaluating possible changes to how we develop our fees.
- Potential improvements identified during this activity may be implemented in a variety of ways, including during the development of future annual fee rules or by making additional information available on our website.



Particular Areas of Focus

The Federal Register Notice that we issued on March 22, 2016, asks the following questions:

1. What are some specific ways that the NRC can improve the public's understanding of its fees and how those fees relate to the agency's budget?
2. What are some specific improvements that could be made to the fee-related work papers or forms?
3. How can the NRC improve its explanation of any changes to the annual fees or hourly rates in the annual fee rule?
4. What additional information can the NRC provide along with the proposed fee rule and work papers to help explain how the NRC determines its fees?

Particular Areas of Focus, continued

5. Given the statutory requirement to base the NRC fees on the annual appropriation enacted by Congress, are there any ways that the NRC can improve the timeliness of completing the annual fee rule or the communication of fee changes?
6. Are there activities that the NRC should convert from fee-billable to non-fee-billable (or vice versa) and why?
7. Are there activities or fee classes that are more suited to flat fees rather than hourly fees?
8. Are the current fee classes and categories appropriately defined?
9. Is there general information that the NRC can add to its public website that would increase understanding of our fee development and invoicing processes?

Conclusion

- In addition to the specific questions listed above, we would welcome input on other issues related to fee development and transparency.
- Responses to the Request for Information are requested by May 6, 2016.
- We plan to complete a Commission paper by August 15, 2016. The paper will contain recommendations for potential improvements.



Questions and Answers with External Participants



Public Comments Submission



Submit Comments for Request for Information

- Submit comments by May 6, 2016
- Docket No. NRC-2016-0056
- Federal Rulemaking Web site:
 - <http://www.regulations.gov>
- Mail information and comments:
 - Cindy Bladey, Office of Administration
Mail Stop: OWFN-12-H08
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Meeting Adjourned

