



# **FY 2017 Proposed Fee Rule (Public Meeting)**

**February 16, 2017  
1:00 pm**



# **FY 2017 Proposed Fee Rule**

Maureen E. Wylie  
Chief Financial Officer



## PUBLIC MEETING AGENDA

Notice of Meeting on the FY 2017 Proposed Fee Rule

February 16, 2017, 1:00 PM to 3:00 PM

NRC Two White Flint North, T2-B1  
11545 Rockville Pike  
Rockville, MD

<b><i>Time</i></b>	<b><i>Topic</i></b>	<b><i>Speaker</i></b>
1:00 PM	CFO Opening Remarks	Maureen Wylie
1:10 PM	Establish Ground Rules for Meeting	Sheila Ray
1:15 PM	Key Features of the NRC FY 2017 Budget	
	<ul style="list-style-type: none"><li>• Budgetary Considerations</li><li>• Uranium Recovery</li></ul>	Maureen Wylie Andrea Kock
1:40 PM	FY 2017 Proposed Fee Rule	Michele Kaplan
1:50 PM	Break	
2:00 PM	Fees Transformation	Renu Suri
2:10 PM	Fee Billing Enhancements	Elizabeth Bowlin
2:20 PM	Q&A	Sheila Ray
2:50 PM	Public Comments Submission	Sheila Ray
2:55 PM	CFO Closing Remarks	Maureen Wylie
3:00 PM	Meeting Adjourned	



# Proposed Fee Rule Basics

- OBRA-90 requirements
- 10 CFR Part 170 (fees for service)
- 10 CFR Part 171 (annual fees)
- FY 2017 collection target \$833.4 million



# Out of Scope Comments

- Not focused on methodology
- Common questions involve:
  - Efficiencies
  - Changes to regulatory process
- Use the appropriate venue

# Ground Rules



# **Budgetary Considerations: Re-baselining Our FY 2017 Budget**

- Project Aim
- Prioritizing workload
- Recommendations submitted to Commission in January 2016
- Commission approved the recommendations w/ a very few exceptions
- Savings reflected in FY 2017 Re-baselined Budget



# Re-baselining Our FY 2017 Budget, cont.

- Changes from the FY 2016 Enacted Budget for Reactor Safety:
  - Increases
  - Decreases
- Changes from the FY 2016 Enacted Budget for Materials and Waste Safety:
  - Increases
  - Decreases



# Agency Support

**TABLE II. HOURLY RATE CALCULATION**  
**[Dollars in millions]**

	FY 2016 Final Rule	FY 2017 Proposed Rule	Percentage Change
Mission-Direct Program Salaries & Benefits	\$369.6	\$340.5	-7.9
Mission-Indirect Program Support	\$140.6	\$136.7	-2.8
<b>Agency Support (Corporate Support and the IG)</b>	<b>\$314.0</b>	<b>\$324.2</b>	<b>3.2</b>
Subtotal	\$824.2	\$801.4	-2.8
Less Offsetting Receipts	-\$0.1	-\$0.1	-31.2
Total Budgeted Resources Included in Hourly Rate	\$824.1	\$801.3	-2.8
Mission-Direct FTE (Whole numbers)	2,157	2,004	-7.1
Mission-Direct FTE productive hours	1,440	1,500	4.2
Mission-Direct FTE Converted to Hours Mission-Direct FTE multiplied by Mission-Direct FTE productive hours worked annually) (In Millions)	3.1	3.0	-3.2
Professional Hourly Rate (Total Budget Included in Hourly Rate Divided by FTE Converted to Hours) (Whole Numbers)	\$265	\$267	0.8



# Steps to Publish the Final Fee Rule

- Proposed rule based on re-baselined CBJ
- Final rule based on the enacted appropriation
- Currently under CR set to expire April 28
- Full year CR
- Final rule publication may be delayed

# **Budget Overview of the Uranium Recovery Program**

**Andrea Kock**

**Deputy Director**

Office of Nuclear Material Safety and  
Safeguards

Division of Decommissioning, Uranium  
Recovery, and Waste Programs

# **Uranium Recovery Products**

- Uranium Recovery Licensing Actions
- Uranium Recovery Environmental Reviews
- Uranium Recovery Inspections

# Activities in Uranium Recovery

1. UR Licensing Actions & UR Env Reviews
  - Safety Reviews
  - Env Reviews
  - Hearing Activities
  - Office of the General Counsel (OGC)
  - Atomic Safety & Lic Board Panel(ASLBP)
  - Prog Agreement Implementation
  - Prog Infrastructure
  - Minor Lic Actions
2. UR Inspection
  - HQ and Regions
3. Indirect Activities
  - Rulemaking
  - International Activities
  - Research
  - Agreement States activities

# How the Budget is Developed

## 1. Workload Forecast

- Number of licensed facilities, letters of intent & communications with stakeholders

## 2. Type of Work

- Environmental and Safety
- Type of Licensing Action (EIS vs EA)
- Complexity
- New Lic'd Facilities: higher level of effort

## 3. Hearings

## 4. Inspections Work

- Periodicity established
- Number of operating facilities

# **Vectors/ Why is the Annual Fee Increasing**

- Directly Billed Activities Within UR Budget
  - 10 licensing reviews ↑
  - 11 licensed facilities ↑
  - 6 operating facilities –
- Indirectly Billed Activities Within UR Budget
  - Hearings ↑
  - OGC and ASLBP –
  - Infrastructure increases ↑

# **Other Factors Affecting Fees**

- Other Indirect Activities Affect UR Fees
  - International Program
  - Rulemaking
  - Research
- Other Fee-Relief Activities Affect UR Fees
  - International Conventions and Treaties
  - Support to Agreement States



**FY 2017**  
**PROPOSED FEE RULE**  
**OVERVIEW**



# Budget Authority

- FY 2017 Congressional Budget Justification
- Adjusted to reflect re-baselining reductions approved by the Commission per the “Recommendations Resulting from the Integrated Prioritization and Re-baselining of Agency Activities”
- Total Budget Authority \$952.1 million, a decrease of \$50 million from FY 2016.



## BUDGET AND FEE RECOVERY AMOUNTS FOR FY 2017 PROPOSED RULE

[Dollars in Millions]

Total Budget Authority  
Less DNFSB, WIR, and Generic  
Homeland Security (Non-Fee Items)  
Balance  
Fee Recovery Rate for FY 2017  
Total Amount to be Recovered For FY 2017

\$ 952.1

- 25.4

\$ 926.7

x 90.0%

\$ 834.0

Billing Adjustments

- 0.6

Adjusted Recovery Amount  
Less Estimated Part 170 Billings  
Part 171 Fee Collections Required

\$ 833.4

- 324.6

\$ 508.8



# Fee Relief

[Dollars in Millions]

	FY 2016 Budgeted Costs	FY 2017 Budgeted Costs	Amount Change
<u>Not attributable to existing licensee or class of licensee:</u>			
(1) Agreement State Oversight	\$12.6	\$13.0	\$0.4
(2) International Activities	12.6	13.9	1.3
(3) Scholarships & Fellowships	18.2	3.0	(15.2)
(4) Medical Isotopes Production Infrastructure	1.0	4.1	3.1
<u>Not assessed fees, based on existing law or Commission Policy:</u>			
(1) Generic Decommissioning and Reclamation Activities (Non-reactor)	15.2	14.4	(0.8)
(2) In Situ Leach Rule and Unregistered General Licensees	1.6	1.4	(0.2)
(3) Small Entities Subsidy	8.5	7.4	(1.1)
(4) Nonprofit Educational Institutions	10.1	9.8	(0.3)
(5) Regulatory Support to Agreement States	16.5	18.4	1.9
(6) Potential DoD remediation program MOU	1.7	1.2	(0.5)
Total activities	\$98.0	\$86.6	(\$11.4)
Less 10% NRC's Fee Relief Allowance	(98.1)	(92.7)	(5.4)
Fee Relief Adjustment : Surcharge / (Credit)	(\$0.1)	(\$6.1)	(\$6.0)



# Hourly Rate Terminology

- **Mission Direct** - resources are allotted to perform core work activities committed to fulfilling the agency's mission
- **Mission Indirect** - resources that support the core mission direct activities
- **Agency Support** - resources which administer the corporate or shared efforts that more broadly support the agency's mission
- **Offsetting Receipts** — collection of Freedom of Information Act (FOIA) services and Indemnity fees , excluded from the 10 CFR Part 170 fee calculation per OMB circular A-25



# Productive Hours Assumption

$$\frac{\text{Total hours in mission business lines}}{\text{Total hours in mission business lines} + \text{other hours}} \times \text{Total work hours in a year (2,087)} = \text{Productive Hours Assumption}$$

- **Mission Business Lines.** The Operating Reactors, New Reactors, Nuclear Materials Users, Fuel Facilities, Spent Fuel Storage and Transportation, and Decommissioning and Low-level Waste Business Lines.
- **Hours in Mission Business Lines.** Hours charged to cost accountability codes for mission work.
- **Other Hours.** Includes hours charged to annual leave, sick leave, holidays, etc., and hours charged to cost accountability codes for training and general administrative tasks.
- **Hours in a Work Year.** 2,087 hours is used to be consistent with OPM guidance on computing hourly rates of pay and the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272, April 7, 1986).



# Hourly Rate Methodology

## FY17 Proposed Fee Rule

### FY 2017 Budget Included in Hourly Rates

Mission Direct Program Salaries & Benefits	\$340.5M
Mission Indirect Program Support	136.7M
Agency Support: Corporate Support and IG	<u>324.2M</u>

Subtotal:	\$801.4M
Less Offsetting Receipts	- 0.1M
Total Budget Included in Hourly Rate	<u>\$801.3M</u>

Mission Direct FTEs:	2,004 FTEs
Mission Direct FTEs Productive Hours:	1,500 Hours
Professional Hourly Rate	\$267

(Total Budget Included in Hourly Rate divided by  
Mission Direct FTE Converted to 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 2017 Proposed Rule**

$$\frac{\$801,329,750}{(2,004 \times 1,500)} = \$267 \text{ hourly rate}$$

Direct FTE

Productive Hours


Productive Hours = 2087  
minus  
• Training -  
• Holidays -  
• Vacation -





# 10 CFR 170 Fee Estimate Acceleration of Rule Publication

- 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 4 Quarters of Fees Collected
  - Invoice data: 4 quarters of prior year
- Final Rule estimates 2 Quarter of Fees Collected
  - Invoice data: 2 quarters of prior year & 2 quarters of current year



# Part 171 Calculation example: Power Reactor Fee Class

[Dollars in Millions]

	FY 2013*	FY 2014	FY 2015	FY 2016	FY 2017P
<b>Step 1 Budget Resources:</b>	734.7	799.3	762.1	750.4	713.2
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(\$303.8)	(\$290.9)	(\$284.1)	(\$287.8)	(\$281.1)
<b>Step 3 Adjustments/ Recovery Amount:</b>	424.2	499.9	475.9	465.9	427.5

<b>Operating Reactors</b>	<b>102</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>99</b>
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<b>Annual Fee per Reactor</b>	<b>\$4,159,000</b>	<b>\$4,999,000</b>	<b>\$4,807,000</b>	<b>\$4,659,000</b>	<b>\$4,318,000</b>
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\*Sequestration, the Decommissioning of 2 Reactors, and a Fee Billing credit error in FY13 contributed to the Part 171 Fee increase in FY14.



# Part 171 Calculation example: Fuel Facilities Fee Class

[Dollars in Millions]

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017P
<b>Step 1 Budget Resources:</b>	50.7	47.2	42.8	40.5	34.5
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(\$19.5)	(\$16.7)	(\$11.5)	(\$11.7)	(\$11.1)
<b>Step 3 Adjustments/ Recovery Amount:</b>	32.9	29.5	33.9	31.6	26.8

**No. of Licensees**

**10**

**10**

**9**

**9**

**9**

**Average Change**

**10.5%**

**2.6%**

**18.1%**

**-6.1%**

**-16.1%**

\* FY 2014 increase is due to a licensee downgrading their license.

# Part 171 Calculation example: Uranium Recovery Fee Class

[Dollars in Millions]

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017P
<b>Step 1</b> <b>Budgetary Resources:</b>	9.93	10.86	11.26	12.32	14.77
<b>Step 2</b> <b>Deduct Part 170 Est. Billings:</b>	(8.86)	(9.53)	(10.13)	(11.41)	(13.62)
<b>Step 3</b> <b>Adjustments/Recovery Amount:</b>	1.00	1.18	1.06	0.91	1.03

Dept. of Energy: UMTRCA program	0.70	0.82	0.67	0.54	0.63
Remaining licensees	0.30	0.36	0.39	0.37	0.40
	1.00	1.18	1.06	0.91	1.03

## Percentage Change for Remaining UR licensees

+18%      +21%      +7%      +8%      +9%



# Part 171 Materials Users Fee Class

- **Annual Fee Recovery Amount increased by approx. \$500K**
- **Over 40 fee categories ; 13 categories increased annual fees ranging from 1-23%**
- **Annual Fee Methodology includes various components due to the complexity of each fee category**
  - **Average hours to complete licensing; based on biennial review required by CFO Act 1990**
  - **Average hours to complete inspections; based on biennial review required by CFO Act 1990**
  - **Inspection Priority or frequency**
  - **Low Level Waste surcharge**
  - **Part 35 Medical Use Byproduct Materials – Unique costs**
  - **Number of licensees within category**



# Information Resources

- FY 2017 Fee Rule, Docket No. NRC-2016-0081  
<http://www.regulations.gov>
  - Proposed Fee Rule (82 FR 8696; January 30, 2017)
  - Work Papers (ADAMS # ML16358A648)



# Fees Transformation

## February 16, 2017

Renu Suri



# Why Fees Transformation?

- External Stakeholders Request
  - Public Meeting
  - Responses to Request For Information
  - Comments on Fee Rule
- Commission Direction
  - Staff Requirements Memorandum on Project Aim
  - Staff Requirements Memorandum SECY-16-0097





# **What We Plan to Accomplish?**

- Simplify how the NRC calculates its fees
- Improve Transparency
- Improve the timeliness of the NRC's communications

# How Are We Doing?

- Completed 6 of 14 actions Planned for FY 2017
  - Added International fee-relief explanations to workpapers
  - Added Plain Language FAQs to Public Website
  - Developed process for proposed fee rule
  - Posted fee-related spreadsheets to the Public Website
  - Added Small Modular Reactors section to fee rule
  - Notified staff the importance of validating fee billable charges
- Ready To Update Actions for Alignment of Budget and Fees



# Where Do We Go Next?

- FY 2018 –Completed 1 of 9 Actions
  - Added Crosswalk For Business Line To Fee Classes In Proposed Fee Rule Workpapers
- FY 2019 – In Progress, 8 Actions
  - System Re-design To Better Integrate Systems To Reduce Billing Errors
- FY 2020 – In Progress, 6 actions
  - Send Electronic Invoices
  - Charge Flat Fee for Routine Activities for Uranium Recovery Licensees

# Additional Information

- Request for Information Published March 22, 2016 (81 FR 15352)
- Public Meeting April 13, 2016
- SECY-16-0097 Submitted August 15, 2016 (ADAMS # ML16210A472)
- SRM Issued October 19, 2016 (ADAMS # ML16293A902)
- Commission Briefing September 16, 2016

# **Fee Billing Enhancements**

**Elizabeth Bowlin**

**Cost Accountability and Management Project**

**Office of the Chief Financial Officer**

**February 16, 2017**



# Increasing Transparency

## Enhancing the data that surrounds work

1. Getting the data right at the beginning (CAMP)
2. Integrating agency data systems (MDM)
3. Agencywide reporting tool (CRIS)

## Output

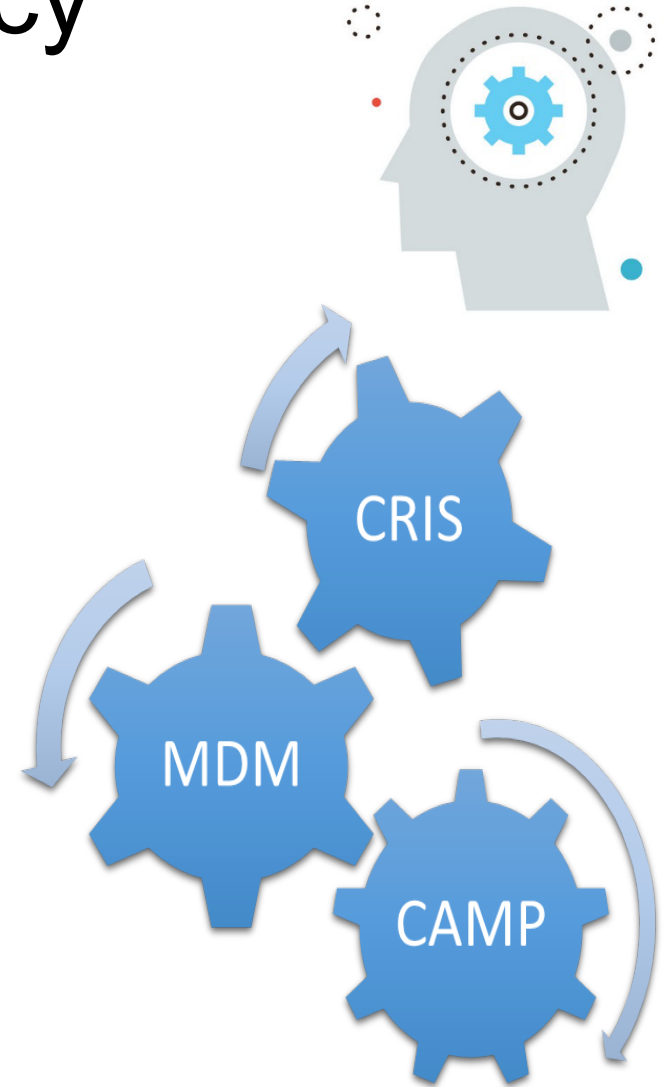
- Management information that will support work processes better, faster, and smarter
- More transparent billing information

### Acronyms:

CAMP: Cost Accountability and Management Project

MDM: Master Data Management Program

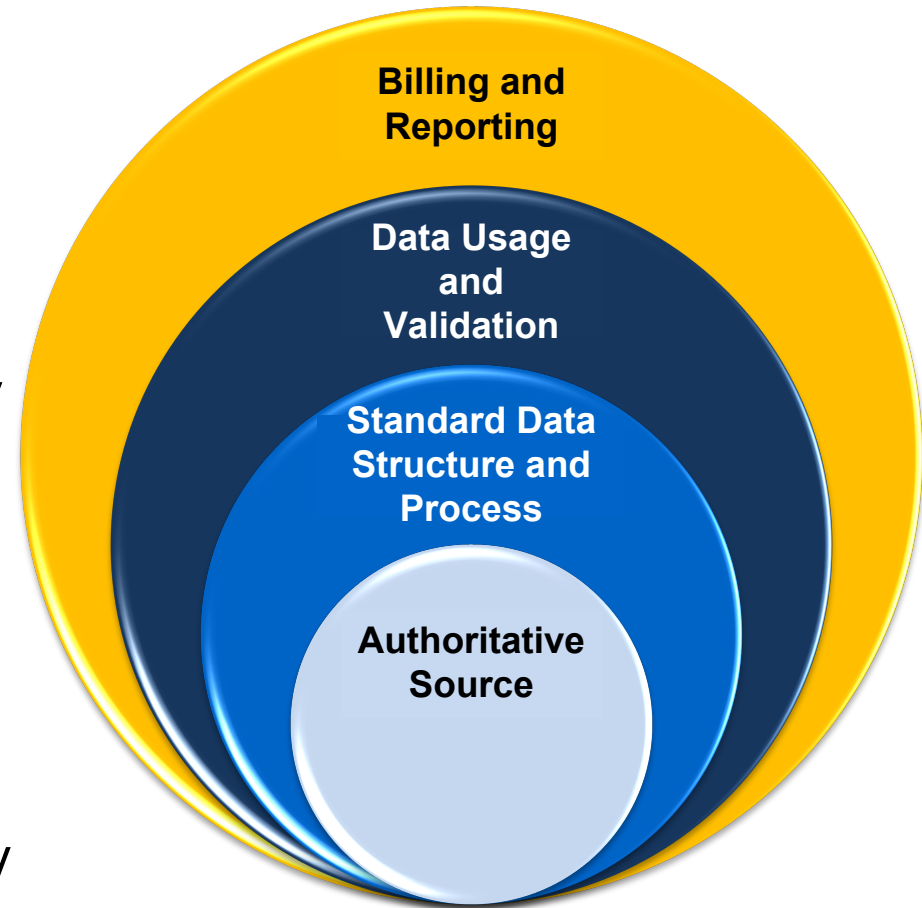
CRIS: Centralized Reporting Information System



# Increasing Controls for Time and Labor in the Fee Revenue Process

## For FY 2018

- Single authoritative source for Cost Activity Code (CAC, formerly TAC) and related work assignment data elements
- Standard set of fee-billable CACs based on activities in the regulatory process
  - **CAMP Integrated Project Team from across offices/regions**
- Control conscious environment regarding CAC usage
- Standardize and improve the staff hours validation process
- More information, more consistently in fee billing



Comprehensive Approach  
to Increasing Controls

# Questions and Answers



# Public Comments Submission

- The deadline for submitting comments for this rulemaking is **March 1, 2017**.
- **ADDRESSES:** You may submit comments by any of the following methods (unless this document describes a different method for submitting comments on a specific subject):
- **Federal Rulemaking Web Site:** Go to <http://www.regulations.gov> and search for Docket ID NRC-2016-0081. Address questions about NRC dockets to Carol Gallagher; telephone: 301-415-3463; e-mail: [Carol.Gallagher@nrc.gov](mailto:Carol.Gallagher@nrc.gov). For technical questions contact the individual listed in the FOR FURTHER INFORMATION CONTACT section of this document.
- **E-mail comments to:** [Rulemaking.Comments@nrc.gov](mailto:Rulemaking.Comments@nrc.gov). If you do not receive an automatic e-mail reply confirming receipt, then contact us at 301-415-1677.
- **Fax comments to:** Secretary, U.S. Nuclear Regulatory Commission at 301-415-1101.

# Public Comments Submission, cont.

- **Mail comments to:** Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, ATTN: Rulemakings and Adjudications Staff.
- **Hand deliver comments to:** 11555 Rockville Pike, Rockville, Maryland 20852, between 7:30 a.m. and 4:15 p.m. (Eastern Time) Federal workdays; telephone: 301-415-1677.
- For additional direction on obtaining information and submitting comments, see “Obtaining Information and Submitting Comments” in the **SUPPLEMENTARY INFORMATION** section of this document.
- **FOR FURTHER INFORMATION CONTACT:** Michele Kaplan, Office of the Chief Financial Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, telephone: 301-415-5256, e-mail: Michele.Kaplan@nrc.gov.



# Contacts

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