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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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PUBLIC MEETING ON
FUEL FACILITIES FEE MATRIX

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WEDNESDAY,
DECEMBER 13, 2017

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ROCKVILLE, MARYLAND

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The meeting was held at the Nuclear
Regulatory Commission, Three White Flint North, 11601
Landsdown Street, Rockville, Maryland, at 9:30 a.m.,
Kevin Ramsey, Project Manager, presiding.

NRC STAFF:

KEVIN RAMSEY, Project Manager, Fuel Facilities

Manufacturing Branch, NRC, NMSS

ROBERT JOHNSON, Branch Chief, Fuel Manufacturing,

NMSS

MICHELLE ALBERT, OGC

MATT BARTLETT, NRC

LEIRA CUADRERO, NRC

CRAIG ERLANGER, NMSS

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JO JACOBS, OCFO

MICHELE KAPLAN, OCFO

JOHN McKIRGAN, NMSS

JENNIFER RAND, NMSS

BRIAN SMITH, NMSS

SOLY SOLO LUYO, NMSS

JEREMY SUTTENBERG, OGC

JAKE ZIMMERMAN, NMSS, ECSE

ALSO PRESENT:

ZACHARY COHEN, Winston & Strawn, LLP

STEVEN DOLLEY, Inside NRC*

TIM KNOWLES, NFS

HILARY LANE, NEI

JONATHAN MARCANO, NMSS

WYATT PADGETT, URENCO (LES)

MAX PIERCE, Naval Reactors

JAMIE SCHEIMAN, Naval Reactors

JANET SCHLUETER, NEI

JARED SCHULTZ, NEI

JENNIFER SCRO, OGC

RANDY SHACKELFORD, NFS

TYSON SMITH, Winston & Strawn, LLP

DAVE SPANGLER, B+W*

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P R O C E E D I N G S

2:02 p.m.

MR. RAMSEY: Okay, I want to welcome everybody to the public meeting on the Fuel Facilities Fee Matrix. And I think Robert had some opening remarks.

MR. JOHNSON: Yeah, thank you, Kevin. My name's Robert Johnson, I'm the Fuel Manufacturing Branch Chief. I've met most of you at this point. We'll go around the room in just a minute for introductions, but. Okay. Thank you for coming, we've got a great turnout. We're here to talk about the Fuel --

MR. DOLLEY: We can't hear you on the bridge, and could people identify themselves, please. This is Steven Dolley with Platts.

MR. JOHNSON: Okay, good afternoon. Let's try this again. My name is Robert Johnson, the Fuel Manufacturing Branch Chief. I wanted to welcome everybody. We've got a great turnout here in the room, and it sounds like we've got a bunch of people on the bridge line.

The purpose the public meeting today is to talk about the fee matrix, to gain stakeholder feedback and perspectives on the Fuel Facilities Fee

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1 Matrix. The fee matrix is an algorithm that's used
2 for, used to apportion annual fees across the major
3 fuel facilities.

4 NRC has been evaluating the process and
5 considering potential improvements, and we wanted to
6 reach out the members of the public and our
7 stakeholders to get some additional insights or
8 feedback on any potential improvements.

9 So the purpose of the meeting is not to
10 have a lengthy discussion about NRC's going to be
11 reducing fees. It's really to try and get insights
12 on how the fees are apportioned. With that, I'd like
13 to pass it back to Kevin.

14 MR. RAMSEY: Okay, my name's Kevin
15 Ramsey, I'm a project manager in the Fuel
16 Manufacturing Branch. I'd like to welcome everybody.
17 Before we get started with the introductions, just
18 like to have a brief safety moment.

19 If there's any reason to leave the
20 building for a fire alarm or something, you can go
21 back out through the lobby the way you came in. If
22 for any reason that way is blocked, you can also turn
23 left, go all the way down around the corner. There
24 is another exit door down there. The bathrooms are
25 also down to the left, if you need a water fountain

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1 or anything like that.

2 So I'm going to ask Robert to pass the
3 microphone around. We're going to ask everybody to
4 introduce themselves to him. My name is Kevin
5 Ramsey, I'm the Project Manager in the Fuel
6 Manufacturing Branch.

7 MR. JOHNSON: This is Robert Johnson
8 again, Fuel Manufacturing Branch Chief

9 MS. KAPLAN: Michele Kaplan, License Fee
10 Policy Chief.

11 MR. MCKIRGAN: John McKirgan, I'm Chief
12 of the Spent Fuel Management Branch here at the NRC.

13 MR. ERLANGER: Craig Erlanger, I'm the
14 Director of the Division of Fuel Cycle Safety
15 Safeguards and Environmental Review.

16 MS. JACOBS: Jo Jacobs, Budget Analyst
17 in Office of Chief Financial Officer.

18 MR. DOLLEY: We can't hear the people
19 off-mic.

20 MS. SOLO LUYO: Soly Soto, I'm with the
21 Division of Recycle Safety and Safeguards.

22 MR. MARCANO: Jonathan Marcano, NRC.

23 MR. SMITH: Brian Smith, Deputy Director,
24 Division of Fuel Cycle.

25 MS. ALBERT: Michelle Albert, OGC, NRC.

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1 MS. SCRO: Jennifer Scro, OGC, NRC.
2 MR. SUTTERBERG: Jeremy Sutttenberg, OGC,
3 NRC.
4 MS. RAND: Jennifer Rand, NMSS.
5 MR. BARTLETT: Matt Bartlett, Fuel Cycle.
6 MR. COHEN: Zachary Cohen, Winston &
7 Strawn.
8 MS. CUADRERO: Leira Cuadrero, Fuel
9 Manufacturing Branch.
10 MS. LANE: Hilary Lane, NEI.
11 MS. SCHEIMAN: Jamie Scheiman, Naval
12 Reactors.
13 MR. PIERCE: Max Pierce, Naval Reactors.
14 MR. SMITH: Tyson Smith, Winston &
15 Strawn.
16 MR. ZIMMERMAN: Jake Zimmerman, I'm the
17 Chief for the Enrichment and Conversion Branch in
18 Fuel Cycle Division.
19 MS. SCHLUETER: Janet Schlueter, Senior
20 Director for Materials and Radiation Safety at NEI.
21 MR. SHACKELFORD: Randy Shackelford,
22 Nuclear Fuel Services.
23 MR. KNOWLES: Tim Knowles, Nuclear Fuel
24 Services.
25 MR. RAMSEY: Okay, thank you. If we

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1 could go to Slide 2. Okay, basically, up to now
2 we've completed the introductions. We're going to
3 do a presentation on the fee matrix of the data and
4 the approaches that we've considered so far. Slide
5 2. And then we'll open it up for comments and
6 questions.

7 Now this is a Category 3 meeting, so we're
8 inviting people to comment and, you can comment and
9 ask questions all through the meeting. And we'll try
10 to use the microphone as much as possible to help
11 people on the phone line.

12 So if you want to go to Slide 3. Now,
13 over the past year, we have engaged with our internal
14 stakeholders on these subjects. This the beginning
15 of our efforts to engage with external stakeholders.
16 No decisions have been made, and no changes to this
17 fee matrix will be proposed to the FY18 fee rule.
18 And we expect publication of the proposed rule for
19 FY18 in January.

20 Basically we felt like we had to engage
21 external stakeholders before we proceed with any
22 changes. That's why we're not doing anything this
23 year. We value your input, and we want to allow time
24 for a meaningful exchange of ideas.

25 So our objectives here are review the

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1 current method that we use to calculate annual fees
2 fuel facilities, review the data that we've gathered
3 and the alternative approaches that we've considered
4 so far, of course obtain your input, and answer any
5 questions.

6 Go to Slide 4. Now, the NRC is aware
7 that the industry has concerns with our fees. And
8 we recognize the concerns, and we've completed
9 several efforts to identify efficiencies. These
10 efforts have resulted in significant reductions in
11 our budget over the past few years. What you see on
12 the slide here is our budgets over the last few years.

13 Now, currently we have ongoing efforts to
14 identify additional efficiencies, so we hope that the
15 reductions will continue. As Robert said, the
16 purpose of this meeting is not to discuss the size or
17 the speed of the budget reductions. It's to engage
18 you on the method used to calculate the annual fees.

19 And as you'll see in the next few slides,
20 we recover some of our, what we have to reimburse the
21 Treasury for, we recover some of that through direct
22 services and some of it through annual fees. So
23 regardless of how small our budget gets, there's
24 always going to be a piece that we have to recover
25 through annual fees. So this distribution isn't

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1 going to go away.

2 Okay, Slide 5. So the NRC has two types
3 of fees. We have service fees for direct services.
4 And what I mean by that is usually licensing actions
5 or inspections where we're charging our time to a
6 cost accounting code and there's a specific docket
7 number assigned to that code. So those hours get
8 charged to that docket, those are service fees.

9 All other costs are recovered through
10 annual fees. Those are basically, those codes don't
11 have any docket numbers associated with it. An
12 example is this meeting. There is no specific docket
13 number associated with this meeting, so the time that
14 we spent on this all goes into the bin for annual
15 fees.

16 Now, a fuel facility business line
17 distributes annual fees based on a level of effort to
18 regulate each facility, and that calculation's been
19 based on a matrix of effort factors that we've been
20 using since 1999.

21 If we could go to Slide 6. So for the
22 fuel facilities business line, this is what the
23 numbers look like for FY17. Total budgeted resources
24 for our business line was roughly 34 million.

25 The estimated Part 170 collections, those

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1 direct services, licensing and inspection actions,
2 about 10 million, so we subtract that out. There are
3 some other adjustments that are made, some surcharges
4 that get added back in. And then we have the total
5 amount that we recover through our annual fees. So
6 that's what it looked like in FY17.

7 MR. KNOWLES: Did you provide any
8 additional details on the other adjustments?

9 MR. RAMSEY: Okay, hold on a second. The
10 question was additional information on the
11 adjustments.

12 MS. KAPLAN: So the other adjustments,
13 as you can see from the fuel for '17, there was some
14 generic transportation costs, which was allocated to
15 this fee class, low level waste surcharge, and then
16 there was a fee relief surcharge. So those are three
17 components of the 4.1 million.

18 MR. KNOWLES: What's the, how did you get
19 to the 9.6 as the estimated collection?

20 MR. RAMSEY: The question was how did we
21 get to 9.6. Basically what we do is we go to the
22 licensing and inspection staff each year and say,
23 okay, here were the hours you charged last year. What
24 do you expect next year? And it's an estimate, but
25 it's asking them do you expect to charge more hours,

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1 fewer hours, what's your best guess. And so we get
2 all that input from the licensing and inspection
3 staff, and the estimate is based on that.

4 MR. SMITH: Okay. I guess a related
5 question is on the next slide, you've got two
6 categories for licensing and oversight, which would
7 sound to me like direct services, but those total 29.
8 So I'm just curious as to what's the subset. What
9 does licensing and oversight from the next page mean?

10 MR. RAMSEY: Okay, the question is on
11 Slide 7, so let's go to Slide 7. Of the 33.9 million
12 that we talked about in the last slide, this is the
13 breakdown for FY17. And you'll notice that most of
14 the resources go to licensing, oversight and
15 rulemaking. And oversight is inspection.

16 So as was noted in the question,
17 licensing and oversight get up around 30 million, but
18 we're only recovering ten million from direct
19 services. So what are those technical staff doing?
20 Again, meetings like this, when they're working on
21 guides and procedures, that's generally a non-
22 billable action. Of course rulemaking's not a
23 billable activity. Maintaining our websites.

24 You know, anything that's kind of
25 generic. And of course there's general

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1 administrative overhead tasks also. But anything
2 that's not associated with a specific docket number
3 is going into that bin for annual fees. Okay?
4 Janet.

5 MS. SCHLUETER: Yeah, I don't know what
6 to do without a mic. What do you want?

7 MR. RAMSEY: I can repeat your question
8 if you just want to do that.

9 MS. SCHLUETER: Well, I think yeah,
10 Tyson's getting at something that, you know, the
11 observation that we made. So I just want to make
12 sure that we're all interpreting what you're saying
13 correctly. And that is, I guess about two-thirds of
14 the cost there of the 29 million, is actually for
15 non-direct service activities, like guidance, like
16 rulemaking, generic issues, the website, the things
17 you just mentioned.

18 MR. RAMSEY: Right.

19 MS. SCHLUETER: That's correct? It's
20 like 9.6 out of the 29 in this case.

21 MR. RAMSEY: Yeah, roughly. The
22 breakdown that we've seen in recent years is about a
23 third comes from direct services to a specific
24 licensee, two-thirds is not allocated to a specific
25 licensee and gets distributed through annual fees.

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1 If we can reduce our overhead, we might be able to
2 get that closer to 50-50, but that's where we are
3 today.

4 MS. SCHLUETER: Well, maybe not just
5 overhead, unless you mean the word overhead very
6 broadly. How did you mean to use the word overhead
7 in that case?

8 MR. RAMSEY: Well it was, a lot of the
9 efforts that we're looking at internally is how can
10 we get more things channeled into those specific
11 services that are charged to a specific docket and
12 off this unspecified thing that people just kind of,
13 just collects this massive amount of charges.

14 I mean, quite frankly, some managers,
15 they just have like a code for supervision, and they
16 don't break down their time as to which licensee's
17 document they're reviewing at any given time.
18 There's been discussions about you know, should we,
19 to move toward something like that. Decisions in
20 that regard haven't been made yet.

21 MS. SCHLUETER: Okay, could we, since we
22 started the questions on the slides specifically, I
23 was kind of holding back, but now that everybody else
24 has opened the flood gate, can we ask some more
25 specific questions on this slide?

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1 MR. RAMSEY: So this is --

2 MR. DOLLEY: Can speakers identify
3 themselves, please?

4 MS. SCHLUETER: I'm sorry, Steve, it's
5 Janet Schlueter. I thought you knew my voice.

6 MR. DOLLEY: Yeah, there's a lot of
7 voices and I know I'm getting a little hard of
8 hearing. Thanks, Janet.

9 MR. JOHNSON: Okay, this is Robert
10 Johnson. We have some room to talk about the specific
11 budget, the budget process or budget questions. But
12 the discussion that we would like to get into is about
13 the fee matrix. So there is a process for the fee
14 rule, the proposed fee rule, and public comments and
15 insights on the fee rule and the process.

16 However, the goal for today is to be able
17 to talk about the fee matrix and how the annual fees
18 are apportioned.

19 MS. SCHLUETER: Sure, and we appreciate
20 that. I think we just like to make sure we're asking
21 informed questions. So event response, is this
22 budget that supports the headquarters operations
23 office? Because we assume that event response, if
24 it's licensee-specific, they're being billed for
25 that.

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1 MR. RAMSEY: Yes, that's my understanding
2 that, you know, there's some general things. Like
3 we have to man the operations center and do some
4 generic things like that. So all the business lines
5 contribute to that effort.

6 MS. SCHLUETER: Okay, so that's your
7 generic contribution to the HOO.

8 MR. RAMSEY: Yes.

9 MS. SCHLUETER: Not licensee-specific.
10 Okay, so international activities, this is anything
11 that's obviously in the fee based and not coming out
12 of the IP general fund bin.

13 MR. RAMSEY: I'm not an expert on the
14 international activities, but I've been told that
15 some international activities are billable. I'm not
16 the best one to explain how that breaks down.

17 MS. SCHLUETER: But obviously if it's in,
18 I mean, I'm going to make an assumption here. If
19 it's in this business line budget, then it is
20 international activities that are not being funded
21 out of the general fund. These are being recouped
22 somehow by 170 or 171 fees.

23 MR. RAMSEY: Right, I mean for example,
24 as many of the licensees know, I mean they have import
25 and export and international protocol

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1 responsibilities where we have to, there's certain
2 work we have to do just on that business of shipping
3 of products in and out.

4 MS. SCHLUETER: Sure. So the only other
5 one I think, when we talked about this, and we very
6 much appreciated having the slides be made public
7 last week, that was very helpful. State and tribal
8 programs -- could someone describe what effort is
9 under that bin for this business line?

10 MR. RAMSEY: I'm not sure we have any
11 specific information here. We can try to follow up
12 on that.

13 MS. SCHLUETER: And training is staff
14 training? Training for your staff?

15 MR. RAMSEY: Yes.

16 MS. SCHLUETER: Okay.

17 MR. RAMSEY: Okay?

18 MR. SMITH: This is Brian Smith. Going
19 back to Janet's question about state and tribal. You
20 may recall we used to have a Office of State and
21 Tribal programs. That got moved into NMSS, and
22 that's in the MSTR division right now. And I think
23 each of the business lines contributes a portion of
24 that budget for the generic type of work that they
25 do.

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1 MR. SMITH: This is Tyson Smith. Just
2 to make sure I, well, I think it would be helpful to
3 understand, within the licensing and oversight
4 categories, which, how much of that is allocated to
5 direct services that are recovered by fees, versus
6 the annual fee, which should be for generic
7 activities.

8 And I understand you said two-thirds,
9 one-third. But I'm just, you know, there's no way
10 to figure out where that 9.6 comes from based on this
11 column. So some additional detail would be helpful
12 in understanding if we're allocating properly between
13 generic and direct service fees.

14 MR. RAMSEY: Well, we could see if we
15 could provide some better information. But quite
16 honestly, you know, we have a certain number of
17 licensing staff and a certain number of inspection
18 staff. And sometimes they're working on specific
19 actions for a specific licensee, and sometimes
20 they're working on these generic activities.

21 So all we have here, this is the specific
22 budget that was enacted, it was approved by Congress.
23 And then we have the estimate of what we think we're
24 going to collect in direct services. And then as we
25 go through the year and we actually do collect fees.

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1 If that's higher and lower than an estimate, then
2 might have to make an adjustment towards the end of
3 the year. But that's, sometimes the breakdown isn't
4 any more detailed than that.

5 All right, I'm going to move on --

6 MS. SCHLUETER: So Kevin, Janet Schlueter
7 again. So just following up, I think we might be
8 able to see where our source of confusion is if we
9 look at Slide 6, the 9.6 that Tyson's referring to on
10 the estimated 170 collections. We tried to figure
11 out whether or not that was actually coming from the
12 data on Slide 10, the direct services billing data,
13 the column that does say Part 170 charges over four
14 years. Because we thought --

15 MR. RAMSEY: Yeah, that's not a, yeah.
16 What we have on the slide that we haven't looked at
17 yet, that's the past four years, actual charges that
18 we've billed.

19 MS. SCHLUETER: Right.

20 MR. RAMSEY: What we did here on FY17,
21 that's just an estimate of what we think we're going
22 to bill during FY17. FY17 isn't complete yet. But
23 we, you know, we try to make a guess of what we're
24 going to collect through direct services and then we
25 base our, the amount that we're collecting through

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1 annual fees, on.

2 MS. SCHLUETER: Right, so if we just look
3 at the 32 --

4 MS. KAPLAN: Can I -- this is Michele
5 Kaplan. I'd like to clarify what Kevin's been saying
6 about how we developed the estimate for Part 170.
7 For the proposed rule, we don't have a lot of actual
8 data for the year yet, so we estimate.

9 But as the year progresses and then we
10 develop the calculations for the final rule, we do
11 have some actual data, so that the estimate is part
12 estimate, part actual.

13 MS. SCHLUETER: That makes perfect sense.
14 So if we looked at that column, and over four years,
15 it doesn't matter what four years it was, it would
16 average about 8.2. So 9.6 and 8.2 is not that far
17 off. So I think we just wanted to make sure that we
18 were looking at that column correctly, that in fact
19 it could be data that would be useful for you to
20 estimate.

21 Is that right? Maybe as we go through,
22 it'll make more sense. But we were seeing a
23 disconnect between the 8.2 and the 9.6. But 9.6 is
24 purely an estimate is what you're saying.

25 MR. RAMSEY: Yeah, I mean like Michele

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1 said, when we start with the proposed fee rule, we're
2 pretty much estimating the whole fiscal year. By the
3 time we get to the final rule, we might have two
4 quarters' worth of actual billing data, and we're
5 only estimating the last two quarters. Hopefully
6 that guess is much more accurate.

7 Slide 8. I apologize for the teeny, tiny
8 numbers, but actually, this was the most legible
9 version I could get. This is the existing matrix for
10 annual fees. Now, I'd like to note, down the lefthand
11 side for licensees, we're listing everyone we've
12 actually issued a license to, whether they built the
13 facility or not.

14 Then you'll notice on the righthand side
15 there are some rows where there's no totals. Those
16 are the facilities that were, we issued a license to
17 them, but they haven't built the facility and
18 completed an operational readiness review inspection
19 yet. And so they're not being billed an annual fee.
20 The license is out there.

21 Now, a frequent question we've gotten
22 when we were coordinating internally was, how does
23 this compare to what all the other business lines do.
24 Now, for the reactor categories, that includes
25 operating reactors, decommissioning reactors, and

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1 research reactors, their annual fee is simply the
2 cost to be recovered divided by the number of
3 licensees. Everybody gets the same bill. At least
4 everybody in a given category.

5 However, for non-reactor licensees, we
6 have typically applied some type of weighting factor.
7 Because if all our licensees did nothing but boil
8 water, we'd be great. But they don't do that, they
9 do all kind of weird things. So we try to recognize
10 that.

11 You know, this is the matrix that we've
12 used for fuel cycles. Uranium recovery has their own
13 matrix of what they call regulatory benefit factors.
14 So they use a matrix somewhat similar to ours.

15 Materials licensees have a formula where
16 they put in application fees, which are also a fixed
17 fee, they just pay an upfront-cost for their
18 application, and inspection costs. And they go
19 through this formula. And that's believed to be
20 indicative of the complexity of the license. So
21 there are a lot more fee categories for materials
22 licensees, but they have a formula they use. Uranium
23 recovery and fuel cycle have a matrix.

24 Can we go to Slide 9. So let's take a
25 closer look at that hard-to-read matrix. NRC's

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1 method is based on the processes authorized in the
2 license. So those are the processes that we have
3 listed. Please note that there are some processes
4 that are classified, can't be discussed. We use the
5 unclassified processes as surrogates in that case.

6 Now, we score both safety and safeguards,
7 that's the S and SG columns. For people who may not
8 be familiar with the terminology, safeguards is
9 basically the security side of the house. The
10 available factors are 10, 5, 1, and 0. And these
11 factors are qualitative judgements by the staff. So
12 does anybody have any questions about the matrix that
13 we currently use?

14 MR. SMITH: This is Tyson Smith. Are
15 there any, what are the concerns with the current
16 matrix, if any?

17 MR. RAMSEY: Well, as we'll see when we
18 get into the data, the numbers are qualitative
19 judgements, and there's a lot of assumptions that go
20 into that. And there's always a question about
21 whether we're making good assumptions or not.

22 So one of the, part of this effort was to
23 see if we could validate, you know, if there's any
24 data that we could use to validate the results, just
25 to see if we're on the mark or not.

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1 There's been a belief, and some people
2 ask why there's such a spread in the fees from one
3 licensee to another, and questions raised about
4 whether our fees are fair and equitable, and all that
5 general concern. That's what prompted us to go back
6 and take a look at this. Okay.

7 MR. SMITH: I have a really similar
8 question, this is Tyson Smith again. Is the numbers
9 or the values in the matrix, do they change much year
10 to year?

11 MR. RAMSEY: No, actually, you know, when
12 we pass around and say, well, this is, you know, we
13 ask people who work at the various facilities, both
14 the licensing and inspection, you know, here's how
15 they scored last year, do you think we should change
16 anything. Quite often, there aren't very many
17 changes.

18 I mean, one of the ones that recently was
19 Global had a license for low enriched fuel fab. And
20 we did issue a license for Global Laser Enrichment,
21 for an enrichment facility, but they weren't up and
22 running yet. They had wanted to do a demonstration.
23 So they did the demonstration under Global Nuclear
24 Fuel's license.

25 So they were doing low enriched fuel

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1 fabrication and some enrichment demonstrations. That
2 kind of got them into multiple categories. So their
3 numbers were pushed up a little bit because they were
4 kind of doing two things at the site.

5 MR. SMITH: So is it fair to say that in
6 absence of changes in processes or new or different
7 types of activities, it's been pretty stable?

8 MR. RAMSEY: Yeah, in terms of the
9 scores. Yeah, they don't change a lot from one year
10 to the next.

11 MR. SMITH: Thank you.

12 MR. RAMSEY: All right, let's go to Slide
13 10. So this is the billing data. Now, this is --
14 let me make a general comment. We looked at two sets
15 of data to see if we could validate the annual fees
16 calculated in the matrix. Now, we acknowledged that
17 the billing data is for direct services billed under
18 170. These are not the annual fees billed under 171,
19 so apples and oranges, we recognize that.

20 However, we took a look at this data
21 because the data we have for non-billable codes, it's
22 hard to break down into fee categories, because there
23 are no docket numbers there. We do have docket
24 numbers here and we could break it down. So we said,
25 well, let's take a look and see what it looks like.

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1 So that's what we did. And we used
2 certified billing data over 16 quarters. So these
3 are bills that were actually issued. What we see is
4 that direct services to high enrich fuel fab and
5 enrichment direct services were similar to both,
6 around 20% percentage. And that the direct services
7 to low enriched fuel fab and conversion facilities
8 were similar.

9 So the question that we have is do you
10 think this is a valid comparison? Do you believe
11 there's any relationship between direct services and
12 indirect services that we can gain any insights here,
13 or these are completely unrelated?

14 MS. LANE: Hilary Lane, NEI, just a
15 clarifying question. Over four years, what four
16 years is that? The past, the last four years, or?

17 MR. RAMSEY: Yeah, roughly. You know, I
18 took 16 quarters, so it may not actually fit into
19 fiscal years, you know, it's --- I asked the CFO
20 staff, give me the last 16 quarters of certified data.
21 And so they bring a big, long report and we tallied
22 it up.

23 MR. PADGETT: Kevin -- Wyatt Padgett,
24 URENCO -- I didn't quite catch that -- is that for,
25 which year was that exactly?

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1 MR. RAMSEY: I think it probably strays
2 over a little bit into maybe the first quarter of
3 FY17. I don't remember exactly when I asked them to
4 run the report, but we said we only wanted certified
5 billing data. So it was only for the quarters that
6 the bill's actually been issued. So it may include
7 like first quarter FY17, probably all '16, all fiscal
8 year '15, and maybe a piece of '14.

9 MR. PADGETT: The question I would have
10 is there any trend, you know, when it comes to
11 licensees, you know, I would say specifically for
12 ours, but the value decreasing. I'd have to look,
13 but it seems like it would be. Due to our activities
14 onsite.

15 MR. RAMSEY: Well, I mean, one reasons
16 we took four, you know, 16 quarters or four years,
17 was to smooth out some of the bumps. Because as
18 people probably know, some facilities have had
19 process upsets and issues where we went and spent a
20 lot of time, you know, with reactive inspections and
21 things, and we didn't want those unusual quarters to
22 skew the data too much. That's why we took 16
23 quarters to try to smooth that out.

24 MR. SMITH: This is Tyson Smith. It
25 strikes me that, and this is interesting and, you

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1 know, provides some insights, but without digging in,
2 I'm not sure, without digging into particularly where
3 licensees are in their licensing cycle, for instance,
4 if you have to do renewal or if you're, you know,
5 some other specific activity's going on, that could,
6 you know, certainly shift the costs in one direction
7 or the other.

8 It wouldn't be reflective of the
9 Agency's, I guess, generic activities in the
10 oversight and licensing categories that we were
11 talking about earlier.

12 MR. RAMSEY: Okay.

13 MR. PADGETT: I understand that. Thank
14 you very much, you know, but the difference here is
15 you know, for enrichment there -- and for conversion
16 both, there's really no equivalent facilities to
17 balance that against to get that data reflective of
18 the actual amount of effort at that time. It might
19 be appropriate to pull it here, and then depending
20 upon those activities, you know, it could be -- for
21 us, I would specifically say, because of reduced
22 construction. So those are just things to consider.

23 MR. RAMSEY: Yeah, and we recognize that.
24 In fact, we got questions, because if we got -- if
25 you're a brand new licensee and you're going through

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1 a lot of start-up activities, there's a lot of
2 activity there. If you're a well-established
3 licensee and you're operating well, probably your
4 hours are a little less.

5 That's probably the reason we took a
6 four-year span. People have asked, well, what about,
7 you know, could you do five years, could you do six
8 years. Yeah, we could, out of whatever we have data
9 for, we can take whatever average you feel is best.
10 So anybody, you know, if you think that a different
11 span of time would be better, you know, let us know
12 and we'll pass those comments along.

13 MR. SMITH: This is Tyson Smith. It
14 strikes me that there's at least one easier breakdown.
15 Are they licensing fees or are they inspection-
16 related fees? Do you all track those, is there a
17 separate code, or do you trace those differently?

18 MR. RAMSEY: Well, we yeah, we could, I
19 think we could break it down into whether it was
20 licensing or inspection. But would that make a
21 difference?

22 MR. SMITH: Well, I wouldn't know
23 without, I guess, without seeing the data, I guess.
24 But you know, it strikes me that there might some
25 differences. Or it might eliminate there. You know,

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1 certain types of facilities require higher inspection
2 levels. And I think this is compounded by the fact
3 that we don't have a good breakdown in the licensing
4 and oversight category you provided early.

5 So I still know it's, you know, that 9.6
6 is two-thirds of that licensing and one-third
7 inspection, or is it vice-versa? So it's just
8 there's a level of granularity that I think doesn't
9 permit us to, you know, evaluate whether this is a
10 reasonable approximation going forward.

11 MR. RAMSEY: I mean, one of the concerns
12 that we got into internally was sharing sensitive
13 information. I mean, if we actually, we suspect that
14 some licensees might not be happy if we actually
15 shared their billing statements with the whole world,
16 or we don't want to be quite that open. That's why
17 we took, you know, a four-year total might be
18 reasonable. So there's some sensitivity to what you
19 all are willing to share.

20 Okay, so anyways, that's the billing
21 data. Let's go to Slide 11. Second set of data is
22 like I said, if the billing data is for direct
23 services, annual fees or for any other services, not
24 direct. Now, maintaining procedures and guidance is
25 a large part of the other services. So what we did

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1 was, we said, well, let's make a list of all the
2 licensing and inspection documents we maintain.

3 That was basically going through a lot of
4 standard review plans and inspection procedures and
5 just tallying up all the references. And we, having
6 provided that background for that list that's in the
7 handouts, so if you want to go review that and tell
8 us if we missed something, or if we mischaracterized
9 something, please, you know, let us know if you see
10 any errors there.

11 Now, many documents are applicable to
12 more than one fee category. And part of what we did
13 was we said, well, we have all the documents, let's
14 look at what's been revised recently, because there
15 might be some old documents that just haven't been
16 revised for decades and we're just not spending a lot
17 of time on.

18 So if we go to Slide 12, this is what we
19 ended up with. Approximately 250 documents totaled.
20 And when we got into which fee categories that they
21 were applicable to, those were the numbers we came up
22 with. So not a huge spread from one fee category to
23 another. And we didn't see a significant difference
24 between old documents versus ones we revised
25 recently.

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1 So again, do you think that's valid to
2 compare that to the fee matrix? Is that, think we
3 should be using that for insight?

4 MR. SMITH: This is Tyson Smith. No, I
5 don't. I haven't seen the list of all the documents,
6 but, you know, based on my experience, there a number
7 of documents that, you know, apply in their entirety
8 to class of facility, but only a little piece applies
9 to another facility.

10 And so I'm not sure just looking
11 at the documents without being able to infer how much
12 of that document relates to a particular class of
13 facilities. I don't think that's really a fair and
14 reasonable approach.

15 MS. SCHLUETER: Janet Schlueter, NEI.
16 So I'm still missing something on the 250 versus the
17 308. This sentence, Approximately 250 documents were
18 identified versus the documents revised, 308 and the
19 812. What is the 250 again?

20 MR. RAMSEY: Well, when it does, what I
21 added up the there was, so if a document was
22 applicable to all four fee categories, I counted it
23 four times. That's why that number's so much bigger.

24 MS. SCHLUETER: Okay, that was a question
25 we had.

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1 MR. RAMSEY: The second table is smaller
2 because those are only the documents that have been
3 revised recently. So we started off with a smaller
4 data set. And then we went through again and just
5 counted the number of hits on applicability.

6 MS. SCHLUETER: Okay, so there is some
7 double counting, if you will.

8 MR. RAMSEY: Yeah, and like I said, if
9 you want to review the table and say, well, you
10 counted this as applicable to my fee category, and I
11 don't believe it's applicable. You shouldn't have
12 counted it, you know. We'd be more than happy for
13 you to help us scrub that list.

14 MS. SCHLUETER: Okay, I guess that is one
15 question we had. Because I think, relative to
16 Tyson's point, when I started flipping through the
17 list, which actually there's one on the other side of
18 the room. You know, when you get to like the reg
19 guide series 8, all the rad protection stuff that
20 Kevin, I know you know quite well, it's not unique to
21 fuel facilities at all.

22 And so I have to believe that the touch
23 that the fuel cycle division would make on that
24 document on any revision would be pretty light,
25 considering that there's many divisions that have

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1 responsibility for that document across the Agency.
2 You know, Research or NRR, depending on who it is had
3 the lead.

4 So it's hard to tell, when you just look
5 at a huge inventory like this, sort of the waiting
6 factor, if you will, for one group of documents or a
7 single document versus another. Huge inventory, but
8 they aren't all equal in their contribution to this
9 budget.

10 MR. RAMSEY: Yeah, I mean recognize that,
11 yeah, we may not be the owners of every single
12 document. There may be, you know, another office,
13 another division that owns a document and we're just
14 providing input to their changes.

15 MS. SCHLUETER: Yes, I think we were just
16 trying to figure out how does that effort all
17 translate to billable hours.

18 MR. ERLANGER: This is Craig. One
19 comment that I'd like to make is that it's not just
20 the division that you may interact with on a day-to-
21 day basis. It's the fuel facilities business line
22 which has a, you know, I think it was 112 or 116 FTE.
23 So it's much broader than, or it is broader than NMSS.
24 It involves other divisions and organizations
25 throughout the Agency.

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1 MS. SCHLUETER: Right. Yeah, I guess
2 one thing we kind of, just I'm going to throw this
3 out here, I don't expect you to answer it.

4 But in looking at this large inventory
5 too, I think one thing that we want to sort of go
6 back and maybe look at the list and scrub it a little
7 bit from our own perspective to just sort of identify
8 which one of these documents are guidance documents
9 that this community typically references and uses as
10 part of their license programs, licensing actions,
11 renewals, amendments, and what have you.

12 And that might help us be able to hone
13 down on those documents that are most important to
14 this business line.

15 MR. RAMSEY: Yeah, and the one thing I
16 didn't do, I didn't try to list all our websites.
17 But if you think that maybe looking at stuff like
18 this is useful and it's like, yeah, we also think you
19 ought to make a list of all the websites you're
20 maintaining. Because technical staff spent a lot of
21 time trying to keep those websites up to date also.

22 Do you think that's a useful exercise?
23 Let us know. That's something else we could look at.
24 Okay.

25 Slide 13. Okay, so possible approaches.

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1 We could continue using a fee matrix. Maybe consider
2 changing some of the factors that we've assigned. Do
3 you think that's best bet? Do you have any ideas on
4 changing the scores? We would be interested in that
5 input.

6 Another alternative would be to do what
7 the reactors do, just take the total, divide by number
8 licensees, everybody gets the same bill.

9 A third option would be doing something
10 similar to the formula that was used for the materials
11 licensees, which is kind of a combination of uniform
12 proportional methods. And for the proportional side
13 of things, it would be using the percentages that
14 came out of that direct services evaluation.

15 So I'm going to ask you to hold your
16 questions. Let me go through this next slide, kind
17 of get it all out there, and then we'll see what
18 comments people have. So let's go to Slide 14.

19 So of course you know what the current
20 fee matrix is. That's over on the righthand side
21 there, at least for that fiscal year.

22 If we were going to do the uniform
23 approach, at least for FY17, that's that third column.
24 So basically everybody's got a bill for 3.9 million.
25 Now, if we were going to do this combination, we got

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1 a 15% and 85% split. So one of the obvious questions
2 is, well, where did that come from.

3 When we were debating internally whether
4 there's any relationship between direct services and
5 indirect services, the conclusion that we came to
6 was, at least the conclusion that staff came, was
7 that we believe there is a relationship for
8 significant issues.

9 When there is a significant issue, some
10 kind of a process upset or something like that, we
11 believe that there'll be increased direct services
12 through the reactive inspections, possibly unplanned
13 licensing actions to implement corrective actions.

14 And there would also be increased
15 indirect service, because you'd have more involvement
16 of senior management, more work for public affairs,
17 more work for congressional affairs, that type of
18 thing. So we did see a relationship for significant
19 issues. The question became well, what's a
20 reasonable estimate of our effort on significant
21 issues.

22 We settled on 15%. So that's where we
23 said 15% of our efforts, especially with significant
24 issues, we'll put that proportional thing in there.
25 But for the rest of it, it's uniform, and the rest of

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1 it just gets distributed uniformly. So that's where
2 those numbers came from.

3 Okay, so what do you think, good, bad?

4 MR. PADGETT: This is Wyatt Padgett from
5 URENCO. So the proportional amount that you have in
6 that column, is that based on the existing matrix, or
7 was that the proposed?

8 MR. RAMSEY: You know, the proportional
9 amount is based on that table for the direct services.
10 If you look back at the breakdown of direct services
11 over a four-year period, that's where those numbers
12 came from.

13 So this, these two approaches, the
14 uniform approach and the combination approach, we'll
15 be getting away from the matrix entirely and just
16 using these grand totals.

17 MR. PADGETT: Are you asking for comments
18 now?

19 MR. RAMSEY: Yeah, if you want to give
20 now, or, you know, email them to me later, or whatever
21 you want to talk about. Nobody wants to share?

22 MR. SPANGLER: Dave Spangler with B+W.

23 MR. RAMSEY: Okay.

24 PARTICIPANT: My understanding that
25 proportional amount column or the combination

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1 approach now would be better. When we read it the
2 past week, I wasn't sure what the purpose of that
3 was, but I don't want to put words in your mouth.

4 But that would be like, my facility was
5 having a more significant issue at the time, more
6 weight was coming into that as a result of my facility
7 or another's, or does that still get distributed in
8 some fashion? How is the proportion side of it, the
9 side about a proportional percentage to the left of
10 that column, column number four? So they're still
11 taking a total, taking 15% of the total, and in
12 proportion by the 15, by the --

13 MR. RAMSEY: Yeah, when you see the,
14 across the top there where it says, Proportional
15 amount of four million and change, and then
16 parenthesis, that that's 15% of the total, of the 27
17 million. So we're starting with the four million
18 number and we're multiplying by the percentage in
19 that percentage column, and that's where the values
20 come from.

21 MR. SPANGLER: Got it. And then there's
22 the remainder trying to balance, that there's, again,
23 I'm trying to get to make sure I'm understanding the
24 FAQ, so under uniform with a proportional amount that
25 we could discuss whether 15 is the right number. But

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1 here's proportionally the level of effort and
2 significance in that, in uniformly here's the, we
3 work the same for each licensee no matter what you
4 are.

5 These contributions that are the Part 21
6 or whatever it's, I don't know, Part 51, whatever
7 those kind of things that, in 250 documents are very
8 similar. That's uniform among them.

9 So your thought there was not a straight
10 fee matrix, but that I think has been outdated and
11 not as nimble and flexible as the logic we were going
12 on. And maybe just straight uniform doesn't seem to
13 take in risk, and a combination approach is attempting
14 to take in some sort of proportional risk based upon
15 a four-year history. Is that kind of what this
16 comparison chart is?

17 MR. RAMSEY: Yeah, I mean we were getting
18 back to it's a relationship between the direct
19 services and the indirect services. Because, I mean
20 one of the arguments that was made internally was
21 well, if you received more direct services, you've
22 benefitted more from the procedures and guidance
23 associated with those direct services.

24 We got a whole enforcement manual, if you
25 don't have any enforcement actions, you're not really

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1 benefitting from that enforcement manual. So, you
2 know, that's part of the argument. And the other
3 part of the argument is now there's no relationship
4 there, you shouldn't be paying any attention to any
5 of that.

6 But like I said, the staff felt that we
7 could argue for a relationship when we get into
8 significant issues, because we feel like there's
9 extra effort being expended both on the direct side
10 and the indirect side. For routine activities where
11 there's no unusual events, it's harder to make that
12 argument.

13 PARTICIPANT: Right. So you already
14 have that built in somewhat if you look at the formal
15 chart on total fraudulent spending charges over four
16 years. Those areas of higher risk, some have been
17 applied, resident, I know the resident charges, it's
18 my understanding at the latter end of the four-year
19 chart.

20 Lower risks are adding routine
21 inspections, unless there is an incident that would
22 require more attention. So those things, or
23 licensing actions or amendments or et cetera are
24 effective as well as reflective in this level of
25 effort, if you will, outside of routine.

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1 MR. RAMSEY: Yes, and so that's, you
2 know, the question that we're posing to you all is
3 does this sound like a good idea, or should we just
4 leave well enough alone. Should we do something
5 different? Is there an approach we haven't even
6 thought of here?

7 PARTICIPANT: Well, I would say from GL's
8 standpoint that they've never been in support of a
9 fee matrix, and don't think that that has really any
10 good basis, it's not very flexible, it's not
11 transparent. It's so out of date it's charging us
12 right now for things we haven't done in six years or
13 decades. So that to me shouldn't even be a
14 consideration going forward. Though I do applaud the
15 NRC for taking a look at.

16 The other would be one of the reasons I
17 think they are looking at it is the disproportion
18 between the Cat 1 being twice a nuclear power plant.
19 But if you look at the scale, how could you positively
20 set forth to say, you're three orders of magnitude
21 less, and the NRC considers you twice as risky as a
22 nuclear power plant. That clearly should not be a
23 continued practice.

24 If you thought that, then you could take
25 a sketch, run fuel fabs out of this and move them

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1 into a nuclear power plant, if they're as risky as a
2 nuclear power plant. So that's kind of just what I
3 was thinking, but it still takes a large amount,
4 something like twice as much as a nuclear power plant
5 for the last couple of years. Or a factor of 1000
6 less of risk. So I do applaud you all looking into
7 it, I hope you make it more sense.

8 Within the fuel fab that I haven't,
9 there's nothing so radical as that. But a third
10 approach that you all have not considered, that I
11 would add now is that you could remove the Cat 1,
12 because they are covered by government. And that
13 would prevent the government from charging the
14 government, and you could put those, by rulemaking,
15 into the correction column.

16 I'm going to just to pick a number, say
17 90%, do 80% and include the Cat 1, or call them just
18 covered by the government if you include it in that
19 overhead amount, not recovered.

20 That's just one other way to look at this
21 and skin the cat and not burden the type of -- that
22 will not try to burden it through a Cat 1. So this
23 is a step in the right direction, but maybe not all
24 the way, because you failed to push a large amount
25 over to the non-Cat 1.

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1 MR. RAMSEY: Okay.

2 PARTICIPANT: Thank you.

3 MR. RAMSEY: Anybody else?

4 MR. SMITH: This is Tyson Smith. I do
5 not support this change. I think the old method
6 worked just fine. It seems to be relatively stable,
7 it hasn't changed much. I'm not seeing a driver for
8 a change here. While I appreciate the effort to try
9 and simplify the way fees are charged, I don't think
10 that should come at the expense of no longer
11 reasonably reflecting the cost of regulatory services
12 that are provided.

13 You know, frankly I just don't see how
14 you can lump a conversion facility that only handles
15 natural uranium into the same category as, you know,
16 a high enriched uranium fuel fabrication facility. I
17 think those are just too different of a type of
18 facilities to treat them all the same. And I think
19 if you, as a result, I don't think that this approach
20 would pass muster under OBRA.

21 MR. RAMSEY: Well, that was Tyson Smith
22 who just spoke there. This is Kevin Ramsey again.
23 I would like to point out that we're not really trying
24 to bill on risk, we're trying to bill for the services
25 we provide. So keep that in mind. But in fairness,

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1 if you think about it, after the 9-11 attacks, we put
2 out a lot of security orders.

3 Now, when terrorist attacks happened, the
4 only people who were required to have any physical
5 protections, plans, or you know, guns and guards,
6 were the people who had enriched uranium. But
7 afterwards, we started imposing those physical
8 protection requirements on natural uranium and by-
9 product material.

10 And so in many cases, trying to get people
11 who'd never done it before up to speed required more
12 effort than working with people who'd been doing it
13 for years. On top of that, we have the natural
14 phenomenon concerns that came up after the earthquake
15 in Japan. And as you all know, that involved a lot
16 of work across the whole business line.

17 So in recent years, a lot of our effort
18 has been to a large extent much more uniform across
19 the business line. Because things that we were only
20 doing for enriched uranium we're pretty much doing
21 for everybody now, at least on the security side.
22 And I know there's variations. But there's a lot of
23 different factors that go into what we're spending
24 our time on.

25 MR. SMITH: I think it's, and I

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1 appreciate that, and I accounted for all of those
2 different factors. You know, if you look at your
3 current matrix, the level of effort that the NRC has
4 been relying on for 15 plus years has the level of
5 effort at, for a conversion facility, at one-quarter
6 of that of a fuel fabrication facility, HEU fuel fab
7 facility. It's about half that of the enrichment
8 facilities.

9 And yet in, you know, proposing to, in
10 one fell swoop, more than, you know, double the annual
11 fee paid by that facility, without any demonstration
12 that what is currently being used is unreasonable.
13 And so that's the part that I'm not, I don't
14 understand.

15 And when you look at, and I know when
16 you delve into the guidance, what you will find is
17 that you know, a lot of the guidance touches on things
18 that do not apply at Metropolis, they're a conversion
19 facility, like criticality and things like that.
20 ISAs they're not required for Metropolis, whether
21 they volunteer for that or not.

22 So that's my concern, I just don't think
23 that looking at documents is an insufficient way to
24 measure the level of regulatory effort that's being
25 provided. It's too high level and isn't granular

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1 enough, given the disparity and the types of
2 facilities that are being regulated.

3 I mean if we're, in the comment from the
4 last person who spoke about removing certain types of
5 facilities from this, you know, if you want to do
6 that, it seems like a conversion facility, which is
7 a Part 40 facility, perhaps then should be more
8 associated with uranium recovery facilities and other
9 Part 40 facilities, rather than Part 70 facilities.

10 So just that difference between the -- it
11 is a level of risk, but it's also about the types of
12 material that are there and the level of risk at the
13 facility is reflected within the guidance documents.
14 I just think that it cannot be treated uniformly.
15 That's too broad of a brush to paint with for
16 something as significant as a 2.5% increase in fees.

17 MR. RAMSEY: Okay. Any other
18 commenters?

19 MR. SHACKELFORD: Yeah, let me make a
20 comment. This is Randy Shackelford from Nuclear Fuel
21 Services. With regard to the matrix, of course NFS
22 is a Cat 1 facility. We're not in favor of that,
23 using that matrix. Primarily because if we're
24 looking at providing equity for billing for services
25 provided, I don't think the matrix really does that.

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1 You know, yeah, granted we used the
2 matrix
3 for a long time, but I don't think it's fair and
4 equitable.

5 MR. RAMSEY: Okay. Was there somebody
6 else on the bridge who wanted to speak? Okay, so
7 going on to Slide 15. This is just summarizing a lot
8 of the things we've already discussed. So when it
9 comes to the data, if you want, we'd be very
10 interested in feedback on, should we, or additional
11 feedback that we don't have already.

12 Should we be comparing the billing data
13 for direct services to the fee matrix? And should
14 we be comparing the document data to the fee matrix?
15 And anything else that we should be, any other data
16 you think we should be looking at? We're very
17 interested in feedback on those items.

18 On Slide 16, of course with regard to the
19 approaches, should we keep using a fee matrix?
20 Should we change to the uniform approach or the
21 combination approach, or something else, if somebody
22 has a better idea? Feedback on anything along those
23 lines would be useful.

24 Let's go to last slide. And like I said,
25 I just want to re-emphasize, no decisions have been

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1 made. What we have been asked to do is provide a
2 status report to our senior management in the February
3 time frame. And we're going to do that, based on
4 what we've heard at this meeting and any other input
5 you want to provide us. If you can get that to us
6 by January 17, we can provide that with the status
7 report.

8 The reason we're asking for January 17 is
9 not to send you home for the holidays with homework,
10 but that'll give us an opportunity to review your
11 feedback, and if we have any questions about
12 clarifying what you said and verifying that we
13 understand what you mean, we could do that during the
14 week of the 22nd, and get that all folded into our
15 status report.

16 That's just a status report. Like I
17 said, we're not proposing any changes to the fee
18 matrix in the FY18 fee rule. The FY19 fee rules, CFO
19 won't be asking us for input until June. So we have
20 between now and June to keep kicking this around. If
21 you have a brilliant thought after you leave here,
22 please share it with us. But that's the schedule
23 that we're working to right now. Any questions?

24 MR. SHACKELFORD: Just some final
25 comments from NFS. You know, first, we really

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1 appreciate your interest in working with the industry
2 on this topic. It's an important topic for not only
3 NFS but the entire industry.

4 Second, we recognize that progress has
5 been made on the fee reduction and building
6 improvements, and we hope that continues. NFS, along
7 with the industry, the rest of the industry, we're
8 interested in understanding the basis for the fees to
9 the extent that we can. You know, the details behind
10 the fees, the number of FTEs, the total fee budget.

11 We also want the fees to be fair and
12 equitable relative to the risk of protecting the
13 public and the environment. Also relative to the
14 services that the NRC is providing to the facilities.
15 Transparency is very important because of interest
16 from our customer and our ability to communicate the
17 basis of the fees with the customer.

18 For NFS, the fees are a significant
19 portion of our operating costs. And as you've seen
20 in the slides, you heard from Dave Spangler, with
21 regard to the Cat 1's, it's a substantial contribution
22 to the annual fees from the two Category 1 facilities.

23 And then finally, NFS will be planning to
24 provide comments in writing.

25 MR. RAMSEY: Okay, thank you.

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1 MR. ZIMMERMAN: This is Jake Zimmerman
2 from NRC. Janet, I'm going to turn to NEI and maybe
3 put you on the spot a little bit, but I'd be
4 interested, you know, we really want to know if you
5 think there's a better way. And can't help but think,
6 you know, NEI, you charge a fee for your members.

7 And I'm just curious, do you have some
8 sort of a matrix, do you charge all of your members
9 the same exact fee? You may not be able to tell me,
10 but is there some way that you've determined, perhaps,
11 that either today you could share, or through your
12 formal feedback, that may help us to come up with a
13 better way?

14 This is what we've come up with, but we
15 certainly are interested in your feedback and views
16 on how we could do it better or differently. Or is
17 the same okay?

18 MS. SCHLUETER: Right, yeah, I don't
19 think I'm at liberty to discuss NEI members' fee
20 membership matrix, although I will say it's not a
21 uniform approach, okay. But I think as an industry,
22 we thought about this a little bit, the slides were
23 very helpful. We've gotten a lot of good questions
24 out on the table today and information back.

25 I think we do need to go back and see if

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1 there's some other alternative that maybe we can come
2 up with. I'm not sure we can, but I think it is
3 incumbent upon us to try to do that. Take in what
4 we've heard, obviously there's a diversity of
5 opinion, because it doesn't matter how you slice and
6 dice this. I mean, any way you do it, unless you do
7 the uniform approach, there's going to be winners and
8 losers.

9 It's just a matter of the numerator, as
10 I think Randy was getting at. You know, how big is
11 the pie that you're trying to cut up? We want the
12 pie smaller, I know we're not here to talk about the
13 size of the pie, but that is fundamentally where we're
14 at.

15 So we'll put our thinking caps on and see
16 if we can come up with some alternative that hasn't
17 dawned on us yet based on what we reviewed in the
18 slides. But maybe the conversation today will lead
19 us somewhere. And we will get your comments on or
20 before that date.

21 MR. RAMSEY: Okay, and this is Kevin
22 Ramsey. Let me point out one thing that we didn't
23 mention, just so you have that to the back of your
24 head. If we implement a change, especially something
25 as drastic as what we've thrown up there, we recognize

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1 the financial burden as their annual fee shoots way
2 up. So we are completely open to phasing in any
3 changes.

4 If you want to provide any thoughts
5 about, well, if there is an increase, I want it phased
6 in over whatever period of time you think is
7 reasonable for your operating budgets. I mean, we're
8 not, we don't want to drive anybody into bankruptcy,
9 but we want to, we're hoping to improve the process.

10 MR. ERLANGER: This is Craig. I'd just
11 like to mention, as Kevin articulated early on,
12 today's focus was on the Fuel Facilities Fee Matrix.

13 The Agency, though, is looking at fees
14 across the board, and there are many initiatives on
15 their way, they've been going on for some time,
16 ranging from our fee transparency project to what the
17 actions we took under Project Aim. And we are looking
18 at all these items.

19 What we want to do today though is really
20 hone in on the matrix itself. As Kevin mentioned,
21 at the end of the day, there will be an aspect where
22 we need to apportion, no matter what that number is.
23 So I appreciate, I didn't want to -- I wanted to let
24 you know that as an agency, we are looking at the
25 broader issues associated with fees. Thanks.

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1 MR. RAMSEY: Okay. Any final comments
2 from anybody on the bridge? Hearing, none, we are
3 adjourned. Thank you.

4 (Whereupon, the above-entitled matter
5 went off the record at 3:12 p.m.)
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