



**FY 2018 Proposed  
Fee Rule  
(Public Meeting)**

**February 12, 2018  
1:00 pm**

# **FY 2018 Proposed Fee Rule**

Maureen E. Wylie  
Chief Financial Officer

## PUBLIC MEETING AGENDA

### Notice of Meeting on the FY 2018 Proposed Fee Rule

February 12, 2018, 1:00 PM to 3:00 PM

NRC One White Flint North  
Commissioners' Hearing Room  
11555 Rockville Pike  
Rockville, MD

<i>Time</i>	<i>Topic</i>	<i>Speaker</i>
1:00 PM	CFO Opening Remarks	Maureen Wylie
1:10 PM	Establish Ground Rules for Meeting	Luis Betancourt
1:15 PM	Key Features of the NRC FY 2018 Budget <ul style="list-style-type: none"><li>▪ Budgetary Considerations</li><li>▪ Fuel Facilities</li></ul>	Maureen Wylie Craig Erlanger
1:45 PM	FY 2018 Proposed Fee Rule	Christie Galster
2:00 PM	Break	
2:10 PM	Fees Transformation	Renu Suri
2:20 PM	Q&A	Alison Rivera
2:50 PM	Public Comments Submission	Luis Betancourt Alison Rivera
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)

# Out of Scope Comments

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

# Ground Rules

# Budgetary Considerations: Unique Issues

- Total budget authority of \$967.0 million based on the FY 2018 Congressional Budget Justification with \$15.0 million added for the Integrated University Program
- Total budget authority increases from FY 2017, \$49.9 million, due in part to \$30.0 from Nuclear Waste Fund
- For FY 2018, collection target is \$826.7 million
- Congressional direction to use unobligated carryover in FY 2017

# Budgetary Considerations: Efficiencies and Workload Changes

- Project Aim
- Reactor Safety
  - Increases
  - Decreases



# **Budgetary Considerations: FY 2018 Budget, cont.**

- **Materials and Waste Safety:**
  - Increases
  - Decreases

# Agency Support

**TABLE II. PROFESSIONAL HOURLY RATE CALCULATION**  
**[Dollars in millions, except as noted]**

	<b>FY 2017 Final Rule</b>	<b>FY 2018 Proposed Rule</b>	<b>Percentage Change</b>
Mission-Direct Program Salaries & Benefits	\$340.6	\$341.2	0.2
Mission-Indirect Program Support	\$137.3	\$136.1	-0.9
Agency Support (Corporate Support and the IG)	\$309.6	\$313.1	1.1
Subtotal	\$787.5	\$790.3	0.4
Less Offsetting Receipts	-\$0.1	\$0.0	0.0
Total Budgeted Resources Included in Professional Hourly Rate	\$787.4	\$790.3	0.4
Mission-Direct FTE (Whole numbers)	1,996	1,938	-3.0
Annual Mission-Direct FTE Productive Hours	1,500	1,510	0.7
Mission-Direct FTE Converted to Hours (Mission-Direct FTE multiplied by Annual Mission-Direct FTE productive Hours) (In Millions)	3.0	2.9	-3.4
Professional Hourly Rate (Total Budgeted Resources Included in Professional Hourly Rate divided by Mission-Direct FTE Converted to Hours) (Whole Numbers)	\$263	\$270	2.6

# Steps to Publish the Final Fee Rule

- Proposed rule based on CBJ, as adjusted
- Final rule based on the enacted appropriation
- Currently under CR set to expire March 23, 2018
- Full year CR
- Final rule publication may be delayed

# **Budget Overview of the Fuel Facilities Business Line**

**Craig Erlanger**

Office of Nuclear Material Safety and Safeguards

Division of Fuel Cycle Safety, Safeguards, and  
Environmental Review

# Fuel Facilities Business Line – Products

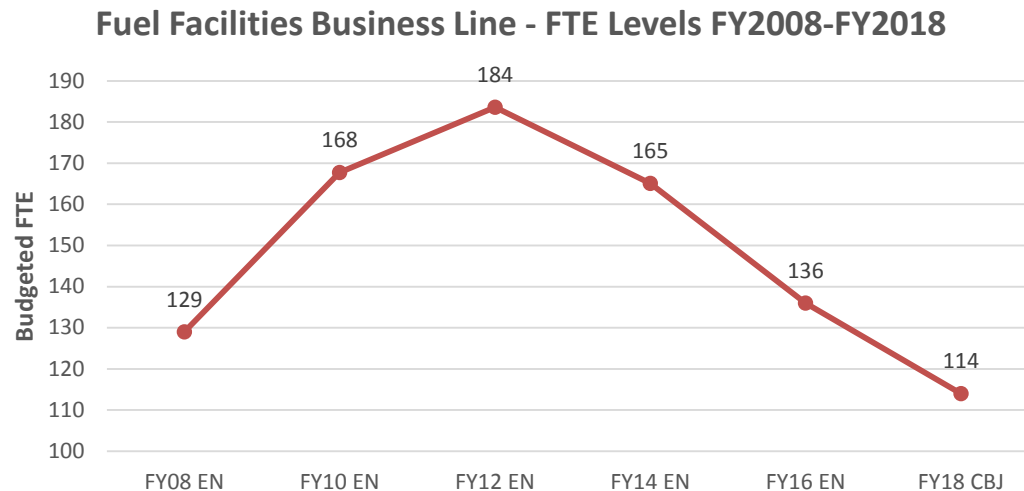
- Mission Direct Resources:
  - Event Response
  - International Activities
  - Licensing
  - Oversight
  - Rulemaking
  - Training
- Mission Indirect Resources:
  - Mission Support
  - Supervisors
  - Travel
- Resources Excluded from Fee Base:
  - Generic Homeland Security

# Fuel Facilities Business Line – Activities (Fiscal Year 2018 )

- Ensure that licensed fuel facilities operate safely and securely, and in accordance with NRC's rules, regulations and license requirements.
- Conduct licensing actions and safety and security inspections for the conversion, enrichment, and fabrication facilities and one de-conversion facility in the United States.
- Support regulation of other licensees (e.g., universities, test, and research facilities) under Title 10 of the *Code of Federal Regulations (CFR) Part 70*, "Domestic Licensing of Special Nuclear Material."
- Continue the license renewal review for one 10 CFR Part 40 facility.
- Conclude the license renewal review for one 10 CFR Part 70 facility.
- Support the programmatic management of the fuel cycle oversight program by providing and maintaining the infrastructure for inspecting and evaluating fuel facility compliance with regulatory requirements.
- Support U.S. non-proliferation activities through implementation of international safeguards and domestic material control and accounting.
- Maintain effective communications with stakeholders on staff approaches to emergent issues, rulemaking, guidance development, and other regulatory activities.

# Fuel Facilities Business Line – Changing Workload

- Fuel Facilities Business Line trends:
  - Significant increases between FY 2007 and FY 2012.
  - Significant decreases between FY 2013 and FY 2018.



# Fuel Facilities Business Line – FY 2018 Increase

- Fuel facility budget increased between FY 2017 – FY 2018 by \$1.2M or 3.5 percent, due to:
  - A 1 FTE increase in support for fuel facility related enforcement activities.
  - An increase in the NRC fully costed FTE rate.
- Next Steps:
  - Continue to evaluate NRC resource requirements.
  - Evaluate programmatic efficiencies to reduce resources.



# Fee-Related Initiatives and Improvements

- Updates to the Fuel Facilities Fee Matrix:
  - Public Meeting Feedback.
  - Next Steps.
- Fuel Facility Regulatory Action Cost Estimates (June 2017)
  - [www.nrc.gov/docs/ML1726/ML17261B235.pdf](http://www.nrc.gov/docs/ML1726/ML17261B235.pdf)

**FY 2018**  
**PROPOSED FEE RULE**  
**OVERVIEW**

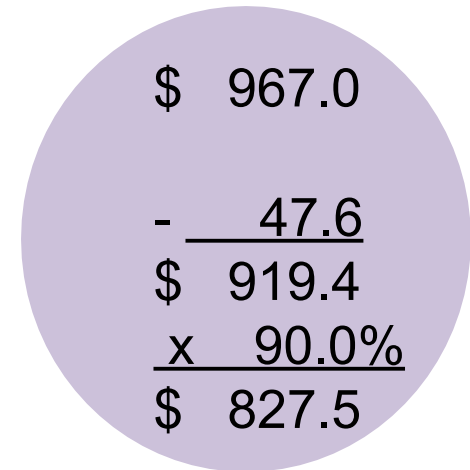
# Budget Authority

- FY 2018 Congressional Budget Justification; \$952.0 million
- Integrated University Program of \$15 million included, since it has historically been incorporated by Congress in the final appropriations bill
- Total Budget Authority \$967.0 million, an increase of \$49.9 million from FY 2017.

# BUDGET AND FEE RECOVERY AMOUNTS FOR FY 2018 PROPOSED RULE

[Dollars in Millions]

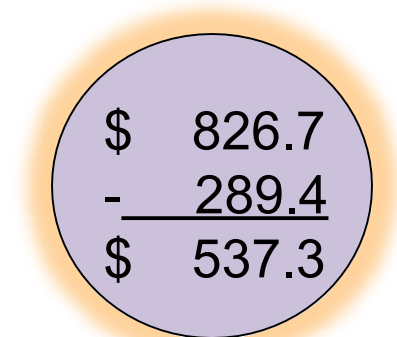
Total Budget Authority  
Less NWF, DNFSB, WIR, and Generic  
Homeland Security (Excluded Items)  
Balance  
Fee Recovery Rate for FY 2018  
Total Amount to be Recovered For FY 2018



Billing Adjustments

- 0.8

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



# Fee Relief

[Dollars in Millions]

	<u>Budgeted Resources</u>	<u>Budgeted Resources</u>	<u>Amount Change</u>
<b>Not attributable to existing licensee or class of licensee:</b>			
(1) Agreement State Oversight	\$12.9	\$13.2	\$0.3
(2) International Activities	13.8	13.7	-0.1
(3) Scholarships & Fellowships	17.9	15.0	-2.9
(4) Medical Isotopes Production Infrastructure	4.2	2.9	-1.3
<b>Not assessed fees, based on existing law or Commission Policy:</b>			
(1) Generic Decommissioning & Reclamation Activities (Non-reactor)	14.6	14.6	0.0
(2) In Situ Leach Rule and Unregistered General Licensees	1.4	1.5	0.1
(3) Small Entities Subsidy	7.4	7.1	-0.3
(4) Nonprofit Educational Institutions	9.7	8.9	-0.8
(5) Regulatory Support to Agreement States	18.5	17.4	-1.1
(6) Potential DoD remediation program MOU	1.1	1.1	0.0
(7) Non-military Radium Unlicensed sites - <i>NEW</i>	0.0	1.7	1.7
<b>Total activities</b>	<b>\$101.5</b>	<b>\$97.1</b>	<b>-4.4</b>
<b>Less 10% NRC's Fee Relief Allowance</b>	<b>(89.4)</b>	<b>(91.9)</b>	<b>2.5</b>
<b>Fee Relief Adjustment : Surcharge</b>	<b>12.1</b>	<b>5.2</b>	<b>-6.9</b>

# Professional 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 (Corporate Support & IG)** - resources which administer the corporate or shared efforts that more broadly support the activities of the agency
- **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** – reflects the average number of hours a mission direct employee spends on mission direct work in a given year excluding hours for annual, sick and general administration tasks

# Professional Hourly Rate Methodology

## FY18 Proposed Fee Rule

FY 2018 Budget: Professional Hourly Rate

Mission Direct Program Salaries & Benefits		\$341.2M
Mission Indirect Program Support		136.1M
Agency Support: Corporate Support and IG		<u>313.1M</u>
Subtotal:		\$790.3M
Less Offsetting Receipts		- <u>0.0M</u>
Total Budget		\$790.3M
Mission Direct FTEs:	1,938 FTEs	
Mission Direct FTEs Productive Hours:	1,510 Hours	
Professional Hourly Rate		\$270
(Total Budget Included in Professional Hourly Rate divided by Mission Direct FTE Converted to Hours )		
Full Cost FTE Rate = Subtotal divided by Mission Direct FTE		\$407,810

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

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

# 10 CFR 170 Hourly Rate Calculation

**Budget Resources**

**\_\_\_\_\_ = Professional Hourly Rate**

**Mission Direct FTE Hours**

**FY 2018 Proposed Rule**

\$790,316,509

= \$270 hourly rate

~~(1,938 x 1,510)~~

Direct FTE

Productive Hours

Productive Hours = 2087  
minus  
• General Admin -  
• 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 Professional 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

# Budget Allocation For Fees

## CROSSWALK OF BUSINESS LINES' ALLOCATION TO FEE CLASSES\*

Business Line	License Fee Class
Operating Reactors	Power Reactors, Test and Research Reactors, Import/Export
New Reactors	Power Reactors
Fuel Facilities	Fuel Facilities
Nuclear Materials Users	Materials Users, Import/Export
Spent Fuel Storage and Transportation	Spent Fuel Storage/Reactor Decommissioning, Transportation
Decommissioning and Low-level Waste	Spent Fuel Storage/Reactor Decommissioning, Uranium Recovery

### Reconciling Items

- Budget resources excluded from fee calculations (non-fee)
- Mission Indirect Program Support resources
- Business Line resources allocated to other fee classes/fee relief categories
- Budget resources allocated from other Business Lines
- Utilization of a full costed FTE rate

\*Delineates where the Majority portion of a Business Line's direct resources are allocated for a fee class.

# Part 171 Calculation example: Power Reactor Fee Class

[Dollars in Millions]

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018P
<b>Step 1 Budget Resources:</b>	\$799.3	\$762.1	\$750.4	\$670.3	\$693.0
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(290.9)	(284.1)	(287.8)	(\$256.3)	(\$247.1)
<b>Step 3 Adjustments/ Recovery Amount:</b>	499.9	475.9	465.9	426.5	451.3
<b>Operating Reactors</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>99</b>	<b>99</b>
<b>Annual Fee per Reactor</b>	<b>\$4,999,000</b>	<b>\$4,807,000</b>	<b>\$4,659,000</b>	<b>\$4,308,000</b>	<b>\$4,559,000</b>

# Part 171 Calculation example: Fuel Facilities Fee Class

[Dollars in Millions]

	FY 2014	FY 2015	FY 2016	FY 2017*	FY 2018P
<b>Step 1 Budget Resources:</b>	\$47.2	\$42.8	\$40.5	\$33.9	\$35.1
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(16.7)	(11.5)	(11.7)	(9.6)	(9.3)
<b>Step 3 Adjustments/ Recovery Amount:</b>	29.5	33.9	31.6	28.4	29.2
<b>No. of Licensees</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>7</b>
<b>Average Change</b>	<b>2.6%</b>	<b>18.1%</b>	<b>-6.1%</b>	<b>-6.9%</b>	<b>6.5%</b>

\* Centrus Energy Lead Cascade was a licensee during FY17Q1

# Part 171 Calculation example: Spent Fuel Storage/Reactor Decom. Fee Class

[Dollars in Millions]

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018P
<b>Step 1 Budget Resources:</b>	\$32.8	\$32.4	\$30.5	\$29.5	\$34.6
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(5.4)	(6.0)	(7.5)	(7.9)	(8.3)
<b>Step 3 Adjustments/ Recovery Amount:</b>	27.5	27.3	24.0	23.0	27.4
<b>Number of Licensees</b>	<b>123</b>	<b>122</b>	<b>122</b>	<b>122</b>	<b>122</b>
<b>Annual Fee</b>	<b>\$224,000</b>	<b>\$223,000</b>	<b>\$197,000</b>	<b>\$188,000</b>	<b>\$225,000</b>

# Part 171 Calculation example: Uranium Recovery Fee Class

[Dollars in Millions]

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018P
<b>Step 1 Budgetary Resources:</b>	\$10.86	\$11.26	\$12.32	\$14.26	\$13.50
<b>Step 2 Deduct Part 170 Est. Billings:</b>	(9.53)	(10.13)	(11.41)	(13.52)	(13.01)
<b>Step 3 Adjustments/Recovery Amount:</b>	1.18	1.06	0.91	0.99	0.56

Dept. of Energy: UMTRCA program	0.82	0.67	0.54	0.62	0.19
Remaining licensees	0.36	0.39	0.37	0.37	0.37
	1.18	1.06	0.91	0.99	0.56

## Percentage Change for Remaining UR licensees

+21%	+7%	+8%	0%	0%
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# Part 171 Materials Users Fee Class Update

- Policy Change: Expansion of Fee Subcategories

Includes: 3A, 3B, 3C, 3O, 3P , 7A & 7B

- Annual Fee Recovery Amount decreased by approx. \$1.2M
- 32 categories decreased/unchanged in annual fees ranging from 0-21%

Break



# Fees Transformation

- Background
- Process Improvements Completed In FY 2017  
[www.nrc.gov/about-nrc/regulatory/licensing/fees-transformation-accomplishments.html](http://www.nrc.gov/about-nrc/regulatory/licensing/fees-transformation-accomplishments.html)
- Improvements To Be Implemented In FY 2018
- Major Improvements To Be Implemented In The Future

# Q&A

# Public Comments Submission

- The deadline for submitting comments for this rulemaking is **February 26, 2018**.
- **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-2017-0026. 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:** Brian Harris, Acting Team Lead, Office of the Chief Financial Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, telephone: 301-287-9120, e-mail: [Brian.Harris@nrc.gov](mailto:Brian.Harris@nrc.gov).

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