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February 23, 2018

Ms. Annette Vietti-Cook
Secretary
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001
ATTN: Rulemaking and Adjudications Staff

Subject: Comments on Fiscal Year 2018 Proposed Fee Rule (NRC Docket ID NRC-2017-0026)

Project Number: 689

Dear Ms. Vietti-Cook:

Nuclear Fuel Services, Inc. (NFS) is providing the following comments for the U.S. Nuclear Regulatory Commission (NRC) staff's consideration as the NRC finalizes the fiscal year (FY) 2018 fee rule.

NFS appreciates the opportunity to participate in the recent public meeting held by Ms. Maureen Wylie on February 12, 2018, to discuss the FY2018 proposed fee rule and its underlying basis and assumptions. These meetings are informative and we ask that they be continued.

NFS recognizes and appreciates the work that took place to reduce fees for FY2017 and improve the billing process. NRC fees represent a sizeable contribution to our overall operating budget; therefore, it is important that the NRC communicate changes to the fee schedule as early as possible for budget preparation and planning.

From the FY2017 fee rule where the NRC reduced the annual fee for highly enriched uranium fuel type facilities (Category I) by 7.7%, it was disappointing to see a proposed increase of 6.5% for FY2018. Additionally, the two existing Category I fuel cycle facilities, NFS and BWXT, pay over fifty percent of the annual fees for the entire NRC Fuel Facilities Business Line. The proposed increase for Category I facilities is 1.7 times higher than an operating power reactor and does not reflect the level of regulatory effort applied to Category I facilities.

During the public meeting on December 13, 2017, to discuss the NRC's effort to re-evaluate the Fuel Cycle Facility Fee Matrix, the NRC provided an overview of the Fuel Facilities Business Line. The business line included "licensing and oversight" line items totaling over \$29M related to non-direct services. These non-direct services represent 67% of the total NRC FY2017

budgeted resources for the Fuel Facilities Business Line. It appears that a majority of the non-direct services are not fuel cycle facility dependent (i.e., NRC website, etc.); therefore, a reasonable approach would be to eliminate the use of the "Effort Factor Matrix" and distribute the non-direct services costs equally across all fee categories.


In today's economic environment, nuclear facilities are taking significant actions to reduce overall operating costs in order to secure a long term sustainable future. As an example, one fuel cycle facility recently announced its plan to idle its plant until market conditions improve. Another facility has made significant reductions in operating costs including personnel reductions. In light of these actions the NRC has not responded in kind. NFS had hoped initiatives such as Project AIM would be the beginning of aligning the NRC to the regulatory demands of a shrinking nuclear industry. On the contrary, the NRC budget in the proposed rule represents a \$50 million increase over FY2017.

NFS supports the effort that the NRC is taking to re-evaluate the Fuel Cycle Facilities fee-setting process. NFS believes that this effort should be completed in time for full implementation in FY2019 fee rulemaking.

If you or your staff have any questions, require additional information, or wish to discuss this matter further, please contact me at (423) 743-1705, or Mr. Tim Knowles, Licensing Manager, at (423) 735-5061. Please reference our unique document identification number (21G-18-0035) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.



Richard J. Freudenberger, Director
Safety and Safeguards

TAK/pj

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