



Nuclear Fuel Services, Inc.

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August 8, 2018

Mr. Craig Erlanger, Director
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

**Subject: Comments on Fuel Cycle Facility Effort Factor Matrix Options Discussed
During the August 1, 2018, Public Meeting**

Dear Mr. Erlanger:

Nuclear Fuel Services, Inc. (NFS) appreciates the opportunity to participate in the third public meeting held on August 1, 2018, by the Nuclear Regulatory Commission (NRC) staff regarding the on-going effort to address NRC fee fairness and equity issues for fuel cycle facilities (FCFs). During the public meeting, the NRC staff addressed comments made previously at the March 27, 2018, public meeting and provided revisions to the effort factor matrix. NFS is providing the following comments regarding the August 1, 2018, public meeting on the effort factor matrix.

In a previous comment letter, NFS stated that we support an effort factor matrix based on the areas that are currently regulated and we requested further development and refinement of this methodology. The NRC staff worked diligently on this and presented an approach that appears to be more fair and equitable in the assignment of effort factors consistent with the level of regulatory effort. NFS agrees with the NRC conclusion that the regulatory effort for 10 out of the 13 regulated areas is the same regardless of type or category of fuel cycle facility. NFS also agrees that for regulated areas such as criticality safety, physical protection, and material control and accountability, the non-billable regulatory effort is greater for a Category I facility than a non-Category I facility; therefore, a higher proportional annual fee for these specific areas is appropriate.

In reviewing the proposed effort factor matrix based on areas regulated, it is clear that the current effort factor matrix does not correlate with the actual regulatory effort required. The proposed effort factor matrix provides a more equitable distribution of annual fees. In areas where the regulatory effort is equivalent among the FCFs, the cost is shared equally. In regulated areas that require higher regulatory effort, a higher proportional annual fee is assessed.

During this public meeting, the NRC described the next steps with regard to this re-evaluation activity. From the statements made, licensees will be notified of final decisions regarding this effort by the federal registry notice issued for the FY19 fee rule. The outcome of this fee setting activity could have significant impact to licensees. NFS requests that regardless of the outcome, licensees be notified as soon as practicable.

In conjunction with the re-evaluation of the effort factor matrix, NFS continues to stress the importance of streamlining the fuel cycle business line commensurate with the level of regulatory effort required for oversight of the FCFs. In addition to the fair and equitable distribution of NRC annual fees across the FCFs, the overall fuel cycle business line budget remains substantial relative to the regulatory effort required to support seven FCFs. It is imperative that the NRC take steps to reduce the overall fuel cycle business line budget to reflect the regulatory effort necessary to oversee this smaller fleet of FCFs.

In summary, NFS supports the effort that the NRC is taking to re-evaluate the FCF effort factor matrix. NFS does not support the continued use of the current FCF effort factor matrix. NFS believes that this effort must be complete in time for full implementation in FY19 fee rulemaking. Additionally, NFS believes that this re-evaluation effort should be part of a much larger effort to streamline the overall fuel cycle business line. NFS is looking to the NRC to reduce the overall budget and allocate fees that are fair and equitable across the seven fuel cycle facilities consistent with the level of regulatory effort required from a safety and safeguards perspective. NFS looks forward to continued discussions and industry engagement on this very relevant and important topic.

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-18-0094) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.



Richard J. Freudenberger, Director
Safety and Safeguards

TAK/pj

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