

PR-170 and 171
84 FR 578

2

PUBLIC SUBMISSION

As of: 2/25/19 3:20 PM Received: February 22, 2019 Status: Pending_Post Tracking No. 1k3-98ee-1mfc Comments Due: March 04, 2019 Submission Type: Web

Docket: NRC-2018-0172

Categorization of the Licensee Fee Category for Full-Cost Recovery

Comment On: NRC-2018-0172-0003

Revision of Fee Schedules: Fee Recovery for Fiscal Year 2019

Document: NRC-2018-0172-DRAFT-0003

Comment on FR Doc # 2019-00219

Submitter Information

Name: Amanda Spalding

Organization: Westinghouse Electric Company

General Comment

See attached.

Attachments

LTR-NRC-19-10



Westinghouse Electric Company
11333 Woodglen Drive
Suite 202
Rockville, Maryland 20852
USA

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

Direct tel: (301) 881-7040
Direct fax: (301) 881-7043
e-mail: weave1dw@westinghouse.com

LTR-NRC-19-10

February 21, 2019

**Subject: Transmittal of Westinghouse Electric Company Comments on Revision of Fee Schedules:
Fee Recovery for Fiscal Year 2019 [Docket ID NRC-2017-0032]**

Westinghouse Electric Company (Westinghouse) appreciates the opportunity to comment on the proposed Revision of Fee Schedules: Fee Recovery for Fiscal Year 2019 (FY19).¹ Westinghouse would first like to thank NRC for considering our previously submitted letters related to the fuel cycle facility fees matrix,² and not implementing changes to the methodology used to calculate fuel facility annual fees. In our previous letters, Westinghouse urged the Fuel Facility Business Line to take efforts to “right-size” the fuel cycle program. The FY19 proposed fee rule reflects a significant step in the right direction with a reduction of 15 full-time equivalents (FTEs) in the Fuel Facility Business Line. Given the downward direction of the projected workload, Westinghouse is hopeful that another substantial reduction in FY20 will bring the budget and workload into balance, and lead to another corresponding drop in the annual fees for all fuel cycle facilities.

While Westinghouse agrees with NRC’s decision to not make any changes to the fuel facility fee matrix in FY19, there has been no formal written feedback published with respect to how the Commission dispositioned the staff’s proposal. Given that a significant amount of time and resources were spent by the industry and the NRC working on the fee matrix, Westinghouse respectfully requests that the staff share those portions of the Commission’s direction that are specific to this issue.

Although the overall Fuel Facility Business Line budget is experiencing a significant reduction for FY19, the percentage of the budget that is paid for through Part 170 fee collections is continuing to drop. For FY19, this percentage is only 24% (i.e., \$7.2M out of \$30M).³ This represents the lowest utilization rate of business line mission-direct resources in the past 10 years.⁴ As mentioned in Westinghouse’s previous

¹ 84 FR 578

² Westinghouse letters LTR-NRC-18-6 (ML18029A424), LTR-NRC-18-16 (ML18057B551), LTR-NRC-18-24 (ML18110A115), and LTR-NRC-18-56 (ML18220B383)

³ From the FY19 Proposed Fee Rule Work Papers (ML18361A780), Part 171 Annual Fees, Fuel Facilities (Section III.B.2.c), page 63 documents that FY19 allocation is equal to \$30.0M and the estimated Part 170 fee collection is equal to \$7.2M.

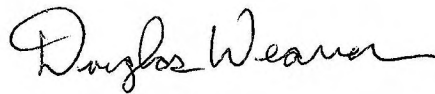
⁴ See the discussion on pages 1-2 of Westinghouse letter LTR-NRC-18-16, “Transmittal of Westinghouse Electric Company Comments on the Fiscal Year 2018 Proposed Fee Rule [Docket ID NRC-2017-0026],” February 22, 2018 (ML18057B551). The proposed FY18 utilization rate was 26.4. In FY08, it was 54.6%, remained in the upper 40% range through FY12, and dropped into the mid-upper 20% range since FY15.

letter on the FY18 proposed fee rule, this trend of declining utilization of the business line mission-direct resources is worrisome. Based on the proposed professional hourly rate of \$278 and 1510 hours/FTE, it would take 17.2 FTEs to achieve the proposed FY19 Part 170 collections of \$7.2M. Again, the staff has predicted that the direct effort will continue to fall in FY19. Although efforts have been made to make significant cuts to the Fuel Facility Business Line, this data shows that there are still 49.5 FTEs in the Fuel Facility Business Line not funded by Part 170 fees. Westinghouse believes there should be more public information showing how these other 49.5 FTEs are being utilized. Nevertheless, the available public information suggests further cuts to the program are warranted in FY20, and other efforts may be required to gain efficiencies in management and overhead costs (such as combining the fuel cycle program with one or more other business lines, or using centers of excellence that would service more than one business line).

In addition, the cost of a corporate support FTE has increased by 20% over the past two years.⁵ This increase is significantly more than the rise in cost of other FTEs listed in the work papers. Westinghouse would appreciate if the increase in cost could be explained in the FY19 final fee rule or final fee rule work papers.

The NRC has made strides in its modernization of the fee billing system and cost tracking. Westinghouse participated in an industry focus group and provided feedback to the eBilling team on their proposed design. This new system should provide NRC with the capability to track how their resources are being spent, and to compare the proposed budget with how it was actually executed in a given year. Westinghouse looks forward to further transparency in NRC's billing system and seeing the end product this year.

If you need additional information, please contact Amanda Spalding at 860-731-6734 or spaldiaj@westinghouse.com.



Douglas Weaver
Vice President
Global Nuclear Regulatory Affairs

cc Margaret Doane, EDO
Maureen Wylie, CFO
Scott Moore, Director, NMSS
Mike King, Director, FCSE
Catherine Haney, Regional Administrator, RII

⁵ In FY17, the corporate support FTE cost was \$149.7K (FY17 Final Work Papers, page 12, ML17164A283). This cost increased to \$167.6K in FY18 (FY18 Final Work Papers, page 12, ML18135A044), and is proposed to increase to \$179.6K for FY19 (FY19 Proposed Work Papers, page 12, ML18361A780).