

# **Official Transcript of Proceedings**

## **NUCLEAR REGULATORY COMMISSION**

Title: Fiscal Year 2020 Proposed Fee Rule  
Category 2 Public Meeting

Docket Number: (n/a)

Location: Rockville, Maryland

Date: Thursday, March 5, 2020

Work Order No.: NRC-0842

Pages 1-64

NEAL R. GROSS AND CO., INC.  
Court Reporters and Transcribers  
1323 Rhode Island Avenue, N.W.  
Washington, D.C. 20005  
(202) 234-4433

## UNITED STATES NUCLEAR REGULATORY COMMISSION

+ + + + +

## THE FISCAL YEAR 2020 PROPOSED FEE RULE

+ + + + +

## CATEGORY 2 PUBLIC MEETING

+ + + + +

THURSDAY

MARCH 5, 2020

+ + + + +

The Category 2 Meeting convened in the  
Commissioner Hearing Room of the U.S. Nuclear  
Regulatory Commission, 11555 Rockville Pike,  
Rockville, Maryland, at 2:00 p.m, Meg Gold,  
facilitator, presiding.

PRESENTERS

Meg GOLD, ADM, Facilitator

RUSSELL FELTS, Director, NRR

CHRISTIE GALSTER, Sr. Accountant, License Fee Team

CHERISH JOHNSON, CFO

MIKE KING, Director, NRR

ANDREA KOCK, Director, NMSS

ANTHONY ROSSI, Team Lead, License Fee Policy Team

JASON SHAY, Director, Division of Budget

NRC STAFF PRESENT**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

MEGHAN BLAIR, OCFO

BILL BLANEY, OCFO

TIFFANY FIELDS, OCFO

JO JACOBS, OCFO

KEVIN RAMSEY, NMSS

BERNIE WHITE, NMSS

ALSO PRESENT

JOHN BUTLER, NEI

MICHAEL CALLAHAN, GSI\*

ERIC JEBSEN, Exelon\*

\* present via teleconference

P-R-O-C-E-E-D-I-N-G-S

2:00 p.m.

OPERATOR: Good afternoon, and thank you for standing by and welcome to the FY 2020 Proposed Fee Rule Public Meeting. Your line is in a listen-only mode until the question and answer session of today's conference.

At that time, you may press \* followed by 1 to ask a question. Please unmute your phones and state your name and company when prompted.

It is now my pleasure to turn the conference over to Meg Gold. Thank you and you may begin.

MS. GOLD: Thank you, Michelle. Again, welcome everybody, good afternoon, and thank you for participating in this public meeting.

Again, my name is Meg Gold and I will be facilitating this meeting to discuss the proposed Fiscal Year 2020 fee rule and related budget items associated to this proposed fee rule.

This will be a two-hour meeting with one Q&A session, and we ask you please hold questions until that period of time.

Before we get started, some quick housekeeping items. First, if you've not already done

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

(202) 234-4433

(202) 234-4433

so, please be sure to sign your name by the door over here.

Second, with regards to getting around the building, please remember that unescorted access is allowed for the first floor, one and two. Other than that, you do need an escort to walk around.

Third, in the event of an emergency, if we are asked to evacuate the building, please do so in a calm manner. Please go outside the building and follow the directions from the security personnel and staff outside the building.

We will gather on the extreme end of the plaza in front of the building and we will need to take a head count so it's extremely important that everybody signs one of those sheets.

Today's meeting is a Category 2 meeting with participation from NRC staff and external stakeholders. My role is to ensure that issues and concerns are presented, understood, and considered by the NRC Staff.

The agenda for the meeting will soon be discussed by NRC's CFO, Cherish Johnson, and we ask that you please allow the speakers to present their information and hold any comments until the designated Q&A session. And please avoid any side conversations.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

At the beginning of the Q&A session, our operator will review the process for asking the questions.

For those in the room at this time, please turn off or mute all your electronic devices and if you are participating remotely, please be sure to mute your phones and computers.

Again, during the Q&A session our operator will facilitate all the questions on the phone. Please note today's meeting is being transmitted via webcast and bridge line and the presentation has already been posted to NRC's public website.

And with that, I'd like to turn the meeting over to Cherish Johnson. Thank you.

MS. JOHNSON: Good afternoon, my name is Cherish Johnson. I joined the Nuclear Regulatory Commission just a few weeks ago in mid-February as the Chief Financial Officer, as she mentioned.

So, I am very happy to be here today, and I want to just thank everybody, those who came in person, those who are joining us by phone, and those who may be viewing it by webcast.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

NRC is excited about presenting the Fiscal Year 2020 proposed fee rule to our stakeholders and we hope to continue to enhance the dialog we've had with the stakeholders through meetings just like this one today.

We did publish the Fiscal Year 2020 proposed fee rule on February 18th, and we were able to ensure that it did take into account the FY 2020 enacted budget that we received in FY 2020.

Next slide, please. We'll now go over the agenda for this afternoon's meeting. As we've done in similar years, we will go over the Fiscal Year 2020 budget. We'll look at the highlights as well as the proposed fee rule.

My fellow panelists that are joining me today is Jason Shay, the NRC Budget Director. He'll be discussing the FY 2020 budget, the activities within it as well as the relationship between the budget and the fees.

He will also provide an overview of the Nuclear Energy Innovation and Modernization Act, or NEIMA, that will go into effect in Fiscal Year 2021.

We also have Russell Felts, the Deputy Director of the Division of Reactor Oversight in the

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Office of Nuclear Reactor Regulation, or NRR. He will be discussing the Operating and New Reactors Business Lines.

And Andrea Kock, she is the Director of the Division of Fuel Management within the Office of Nuclear Material and Safety and Safeguards, or NMSS. She will be discussing the fuel facilities business line this afternoon.

And Christie Galster, she's a Senior Accountant on the License Fee Policy Team. Christie will provide an overview of the Fiscal Year 2020 proposed fee rule.

And Anthony Rossi, the License Fee Policy Team Lead, he will talk about the success in the fee transformation and the proposed policy changes included in the fee rule.

And Mike King, he is the Director of the Vogtle Project Office within NRR and he'll be discussing the technical aspects of one of the proposed policy changes included in the proposed fee rule.

Next slide, please. Towards the end of the meeting, we will discuss the details on the submission of actual comments.

However, as we start the meeting today, I

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



felt it was important to briefly emphasize what the scope of this afternoon's discussion is so that we can address any questions received.

The focus today is on the fee rule so the type of questions should be centered around the fee itself, such as the methodology for calculating fees, changes to the regulations, and the fee schedule, as an example of the type of things we'll be discussing and taking questions for this afternoon.

Some of the examples we gave that would be out of scope for a comment today would be anything related to agency efficiencies, on mission goal, or streamlining or changes to our regulatory practices, just to give you an example of the types of things we would consider to be out of scope and would not be able to address this afternoon.

Over the last few years, those out of scope type of comments have decreased, however, which we believe is due to stakeholder engagement, better awareness, as well as the transparency and conversations such as today.

The NRC does want to emphasize that we do want to be responsive to our stakeholders and answer the questions, which is one of the reasons that we wanted to clarify this right from the beginning, and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

that we do urge you, if there are any questions that you have remaining, to please reach out to the appropriate venue to make sure that those questions do get answered.

So, I want to thank you once again for your participation this afternoon and I will turn the meeting over to the Budget Director, Jason Shay.

MR. SHAY: Thank you, Cherish. Good afternoon, everybody. Again, my name is Jason Shay, I am the Budget Director.

It's a pleasure to be here today and my goal over the next two slides is to provide you an overview of the FY 2020 budget and also to illustrate downward trends in the NRC's budgets.

So, if you can go to the next slide, please? Congress appropriated approximately \$855.6 million to the NRC, which is a decrease of \$55.4 million from the FY 2019 enacted budgets.

In comparison, our FY 2021 budget request was \$863.4 million. The Act also authorized the use of \$40 million in carryover funds, which is not reflected in the FY 2020 enacted columns but is in the FY 2020 total authority column.

So, as you can see at the bottom-line number, there's a \$40 million delta between enacted

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

and total authority. So, I do want to take a minute to define what carryover means.

So, the term carryover may be used to describe funds that were appropriated but not obligated in prior fiscal years, or funds that were de-obligated because funds were no longer needed in subsequent fiscal years.

So, let me provide some examples for context. So, let's say there's a change in workload between the time we formulate and the time we actually bill for fees.

These changes, while normal, may cause delays in utilizing the budgetary resources and thus may be carried over or are used in subsequent years, resulting in additional carryover.

Another example may be if we have a contract and that contract ended and work is completed but there's actually resources left in that contract, we can de-obligate those funds off that contract, which then increases our carryover amounts.

So, I do want to give you some context in terms of carryover. In 2019, carryover was \$20 million for the NRC. In 2018, it was \$15 million, and in 2017 it was \$23 million.

So, while Congressional direction to use

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

carryover has been a trend, I do want to point out that the use of \$40 million in carryover contributed significantly to the reduction in annual fees in FY 2020.

And while we may be expected or directed to use carryover in the future, I do want you to be aware that if carryover is less next fiscal year, this may cause it to appear as a budgetary resources increase, when in fact workload is stable or declining.

So, I do want to switch gears slightly, I do want to highlight some of the innovative and transformative activities that are currently underway in OCFO to help improve the overall financial management framework.

For example, we implemented a new commitment planning module. This helped produce a number of budget execution manual processes within our organization.

We have used that module to help load our budget quicker and more accurately, which is a really good thing in our organization and we're trying to move from a much more manual process to a more automated process.

We're also in the process of developing

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

new analytical tools such as dashboards to help us analyze and report data quicker and more consistently.

And that's one of the things I'm most excited about in the organization. But even within all these exciting new initiatives, we do recognize the fact that there's more work to be done, for example, how budget execution influences budget formulation.

So, as such, OCFO will continue to pursue the latest analytics tools to support a more efficient and risk-informed budget formulation process.

Next slide, please. So, as you can see in the chart, the Agency's budget has been trending downward over the past eight years. The total budget decreased by 17 percent or \$192.5 million from FY 2014, as compared to the FY 2021 Congressional Budget request. Similarly, the Agency also reduced FTEs by 25 percent or \$931.7 million during that same period.

So, with that, I'd like to turn the presentation over to Christie Galster to discuss the FY 2020 fee overview.

MS. GALSTER: Thank you, Jason. Good afternoon, today I'll be presenting an overview of the Fiscal Year 2020 proposed fee rule.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

The statutory and regulatory framework authorizing NRC's fee policy includes the Independent Offices Appropriation Act, or IOAA, which requires that NRC collect fees for services, which are established under 10 CFR Part 170, billed as hours, expended times, the NRC hourly rate and for services such as license reviews and inspections.

The other law affecting NRC fee collections is the Omnibus Budget Reconciliation Act of 1990, or OBRA-90. As a result of OBRA-90 as amended, NRC is required to collect approximately 90 percent of its appropriation by September 30th.

OBRA-90 directs the NRC to establish annual fees that are fair and equitable, and recover through 10 CFR Part 171 the budgetary authority not recovered through fees for services, such as research and rulemaking activities.

OBRA-90 also excludes funding for activities under generic Homeland Security and waste incidental to reprocessing.

OBRA-90 also directs the NRC to allot ten percent of its annual budget for certain budgetary activities that do not directly benefit NRC licensees. And this is referred to as fee relief.

Next slide. The annual appropriation

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

provides the budget authority and fee recovery amounts. The appropriation also excludes additional activities from fee recovery, which includes the Defense Nuclear Facility Safety Board, international activities, and the advanced reactor infrastructure, as stated in the 2020 appropriation.

The authorization to utilize carryover is also directed in our appropriation, which this year, the appropriation authorized NRC to use \$40 million in carryover funding.

Effective next year in FY 2021, the Nuclear Energy Innovation and Modernization Act of 2018, or NEIMA, will replace OBRA-90. NEIMA sets a ceiling on the annual fee for power reactors of the FY 2015 rate as adjusted with yearly inflation.

The collection percentage is revised to 100 percent of budget authority to the maximum extent practical. And under NEIMA, the excluded items remain the same as OBRA-90 as well as the fee relief categories that are currently used in the FY 2020 Proposed Fee Rule.

The major change in the fee rule methodology will be the elimination of the fee relief adjustment.

NEIMA removes a fixed amount of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

designation for fee relief activities so the adjustments for surcharges and credits pertaining to fee relief that's part of the annual feel will no longer exist.

Next slide. As stated in the proposed FY 2020 fee rule, the budget authority is based on the 2020 appropriations for the salaries and expense and the Inspector General, which was signed on December 20, 2019 in the amount of \$855.6 million, a decrease of \$55.4 million from the previous year.

This slide illustrates the budget and fee recovery amount set forth in the NRC Appropriation Public Law 116-93.

As you can see in the top circle on this slide, NRC's budgetary authority minus those excluded items of \$46.6 million calculates the fee-based balance of \$808.9 million.

The recovery rate of 90 percent is then multiplied by that fee base to arrive at the required recovery amount of \$728.1 million.

Next is an adjustment of \$0.4 million, which is added to the recovery amount for Part 170 billings that are collected in different fiscal years.

These are timing adjustments allowing the NRC to focus on current year collections only. In the

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



bottom circle is the adjusted recovery amount of \$728.5 million, which now is required to be collected by a combination of Part 170 and 171 fees.

For FY 2020, the 10 percent allowance for fee relief activities totaled \$80.9 million, while the allocated resources amounted to \$79.2 million.

Since the fee relief activities were less than the ten percent of the total allocated budgeted resources, the NRC distributed an approximately \$1.7 million credit by reducing all licensees' annual fees based on the percentage of their overall budget.

And as mentioned earlier with the new regulation of NEIMA, the FY 2020 fee rule will be the last year to calculate the fee relief adjustment.

Next slide. An important step in estimating Part 170 fees is developing the hourly rate and understanding the components that are involved.

In developing the hourly rates budget, the components include mission-direct salaries and benefits, mission-indirect resources, which support the Agency's core activities such as supervisory and administrative assistant support.

The third component is Agency support, which consists of corporate support business line with the Office of the Inspector General.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

These three components sum \$716.9 million, which are the total budgetary resources included in the Part 170 hourly rate.

The final step is multiplying the direct FTEs of 1,701 by the mission-direct FTE productive annual hours of 1,510, then dividing that by the budgetary resources of the \$716.9 million.

This calculates the Part 170 hourly rate this year of \$279. It's an increase of \$1 or 0.04 percent from the previous year.

The hourly rate increase is primarily due to the decline or reduction of 109 or 6 percent mission-direct FTEs from the previous year. The FTE rate that you see at the bottom represents a full cost of an FTE.

The amount is calculated by utilizing the budgetary resources, again by the \$716.9 million divided by the mission-direct FTEs of \$1701.

Next slide. This page illustrates the hourly rate calculation as a formula.

As you can see, the total budgetary resource to calculate the Part 170 is in the numerator, and in the denominator, we have the product of the direct FTEs multiplied by those direct FTEs' productive hours.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Now before discussing the FY 2020 annual fee calculations, I believe it's necessary to understand the formulation of the fee-based budget compared to the CBJ-requested budget.

Beginning with the FY 2020 Congressional Budget justification business line budgets, the Agency's program offices analyze in detail those resources and allocate to various fee classes and fee relief categories.

The chart above illustrates where the majority of each business lines' budget is allocated by fee class. There are six notable differences between the business line and the fee class budget.

Those consist of the budgetary resources that are excluded from the fee calculation, which is WIR; generic Homeland Security; mission-indirect program support resources, which are allocated solely to the Part 170 calculation; business line resources allocated to other fee classes and fee relief categories, and the budgetary resources allocated from other business lines; the utilization of a fully costed FTE and appropriation revisions, as well as carryover.

Next slide. These pie charts represent the significance of reconciling between NRC's two

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

major publications, the Congressional Budget Justification and the Proposed and Final Fee Rules.

Next slide. To increase transparency this year, the fee policy team has improved our fee rule work papers to include the reconciliations from the 2020 business line budgets to the fee class budgets.

The next three slides will illustrate a sample of the reconciliation format within our FY 2020 proposed fee rule work papers by fee class.

The sample displayed here relates to the Operating and New Reactors Business Line by contract funding and cost for FTEs utilizing a salaries and benefits rate.

Due to timing, the license fee policy team leads off with the Congressional Budget Justification Requested Budget for FY 2020 that was published in March 2019.

Next slide. From the basis of the CBJ budget for Operating and New Reactors Business Lines, we take into account the six reconciling items discussed on Slide 15, which is also located on the right-hand side of your slide, segmented by the decreases and increases during the fee allocation process and sorted by FTEs and contract funding.

As you can see, the reactor business line

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

budgets post the fee rule allocations total \$62.4 million in contracts and 1,328 in FTEs. The final adjustment is converting those FTEs by the fully costed FTE rate, resulting in FTE costs of \$559.7 million.

As we discussed earlier, the full costed rate incorporates not only the salaries and benefits, but the indirect and Agency cost as well.

Next slide. Presented here is the reconciliation summary, comparing the Operating and New Reactor Business Lines budgets to \$449.5 million to the post-adjusted fee class budget for power reactors of \$623.9 million. The fee class budget is the initial step in calculating the annual fees.

The budgetary resources, as you recall from the last slide, reconcile the business line budget to the fee class budget totaling the \$623.9 million.

This year's budgetary resources allocated to the power reactors \$46.3 million less than FY 2019 primarily due to a substantial decrease in FTEs resulting from the closures of Oyster Creek, Pilgrim, and Three Mile Island, as well as delays for SMR design certification renewal applications with efficiencies gained with the merger of the Office of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Nuclear Reactor Regulation and the Office of New Reactors.

Compared to five years ago with 100 operating reactors, the budgetary resources have been reduced by a total of \$126.5 million, or 17 percent.

Next, the Part 170 estimated billings process, which includes four quarters of actual billings from 2019 for the reactors, with updates for current work projections and the hourly rate.

These estimates totaled \$94.8 million this year, which has declined by 10 percent or \$22.9 million from the previous year.

The decrease is primarily due to the reductions for licensing actions and inspections caused by the shutdowns of Pilgrim and Three Mile Island reactors, including the planned termination of Indian Point Unit 2 this month.

Additionally, the completions for NuScale, Korea Hydro, and Clinch River contributed to the declining estimated Part 170 billings.

Adjustments for power reactors of 1.6 million include a one-time-only credit of 2.4 million due to the collections of Indian Point Unit 2 before terminating at the end of this month.

The remaining annual fee recovery amount

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

for the fee class is \$430.7 million, a decline of \$26.9 million, or 5.9 percent from the previous year.

The total is divided by 95 operating reactors, resulting in an annual fee per reactor of \$4,534,000.

Next slide. The FY 2020 proposed budgetary resources allocated to fuel facilities fee class is \$23.2 million, resulting in a reduction of 23 percent, or \$6.8 million from the previous year primarily due to expected decline in submissions for license renewal applications, decrease in the number of license amendments, termination of the MOX Fuel Fabrication Facility, and efficiencies gained because of changes to the Fuel Facility's inspection program.

The estimated Part 170 billings totaled \$6.8 million, which is a slight decline of \$500,000, caused by the MOX Fuel Fabrication license application being withdrawn.

The overall fee class's annual fee recovery amount is proposed to decline by \$6.4 million, or 26 percent, as compared to five years ago, a decrease of \$13.5 million or 43 percent.

Next slide. An additional 2020 improvement to the fee rule work papers is this chart

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

illustrating the utilization of carryover funding in FY 2019 and FY 2020 by business line and the subsequent allocations for the development of the fee rule.

You can notice, for instance, in 2020 the Operating and New Reactor Business Lines utilized \$20.9 million of carryover, which \$20.4 million impacted the power reactor fee class and \$560,000 impacted the indirect costs associated with the hourly rate budgetary resources.

In addition, the reactor business lines received an increase of \$10.5 million in carryover funding from the previous year. This concludes the Fiscal Year 2020 fee overview presentation.

Now I'd like to turn it over to Russell Felts for a discussion on the Operating and New Reactors Business Lines.

MR. FELTS: The NRC's Nuclear Reactor Safety Program, comprised of both the operating reactors and new reactors business lines, encompasses licensing and oversight for civilian nuclear power reactors, as well as non-power production and utilization facilities in a manner that adequately protects public health and safety.

This program also provides reasonable

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



assurance of the security of the facilities and protection against radiological sabotage.

This program contributes to the NRC safety and security strategic goals through the regulation of existing and new nuclear reactors to ensure they meet all applicable requirements.

The operating reactors and new reactors business lines can be split between mission-direct, mission-indirect, and excluded resources.

This table highlights the major categories of work or product lines within the program. Mission-direct resources account for the majority of the enacted budget of 1,815 FTEs in Fiscal Year 2020, about 74 percent.

Mission-indirect resources account for approximately 21 percent of the enacted budget and support supervisors, administrative assistants, program analysts, and travel needs.

Generic Homeland Security, international activities, and advanced reactor regulatory infrastructure efforts are excluded from the fee-recoverable budget, which means that these activities are not part of the 90 percent of the budget that the NRC recovers in fees.

Next slide, please. Licensing and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

oversight are the most significant mission-direct product lines. Examples of the activities performed within these product lines are provided here.

The NRC ensures the safety and security of operating power reactors and non-power production and utilization facilities within an established regulatory framework.

We license reactors to operate and ensure that new and existing reactor designs meet regulatory requirements. We oversee the continuing operation of these reactors via inspection and ensure operation in accordance with requirements.

In the operating reactors business line, we continue to see interest in operational programs that provide increases flexibility as well as digital instrumentation control systems and improved power-plant performance and replace older components.

Interest in subsequent license renewal and extension of the license from 60 to 80 years continues to increase, and the NRC has invested significant effort to ensure the licensing framework supports safe operation for the extended lifetime of a power reactor.

Oversight activities are the largest portion of the business line and include the on-site

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

resident inspectors at each power reactor, as well as the safety and security inspections conducted out of the four regional offices.

In the new reactors business line, work is continuing on the NuScale design certification.

The safety evaluation is currently in Phase 5 and our target for the final safety evaluation report with no open items is September of 2020.

The NRC is also reviewing license amendment requests for Vogtle Units 3 and 4 and to address changes to the AP1000 combined operating license that are necessary to support construction and facilitate the upcoming transition to operations.

We have several inspectors on site at Vogtle to inspect construction activities and they're supported by staff in our Region II office and headquarters.

In NRR we have established a small corps of licensing and construction inspection experts with the goal of ensuring the NRC is able to make the findings necessary to support the transition from construction to operations in a safe and timely manner.

We're also doing a large amount of work to prepare for advanced reactor applications and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

establish a regulatory framework that supports new technologies.

We expect to begin the review of the Oklo combined operating license application this year. We're also conducting pre-application meetings with multiple advanced reactor developers and reviewing topical reports and White Papers.

Next slide, please. To develop the budgets for the reactor safety business lines, we first reviewed the current operational environment and performed some workload forecasting.

We looked for significant drivers that would impact our future workload. This includes technical, regulatory, and legislative developments that have the potential to generate additional workload or reduce the current regulatory efforts in a particular area.

For example, this could include a rulemaking or guidance change that we expect to drive new submittals from licensees or known site closures that will reduce the overall size of our program.

We then looked at the historical data and trends to measure how our execution in previous years reflected the budget assumptions at the time.

This perspective is used to inform the

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

future budget and identify areas where those assumptions may not hold up.

The historical data also allowed us to employ some trending for the areas where the workload in a given year can be highly variable in terms of quantity and complexity.

We also rely significantly on communications with our stakeholders to identify planned submittals. We consider letters of intent provided by licensees to the NRC and information we receive through routine interactions between our project managers and licensees.

While we recognize the plans within the industry are subject to change and may be influenced by many factors, this is an area where better certainty in the information we receive leads to more accurate budgeting for the NRC.

We consider the type and complexity of the planned activities and the level of effort varies significantly.

For example, knowing in advance that we will receive a licensing action that entails an engineering safety review and an environmental review would allow us to ensure that resources are available for that review.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

The level of effort for subsequent license renewal application or the review of a new reactor design take considerably more staff effort than a routine license amendment request.

Once we have identified the workload drivers, we set about estimating the level of effort in each of our areas of responsibility.

We develop and assign resources for major projects and areas of responsibility and then allocate those resources across the NRC offices to align with the work being performed.

Next slide, please. In Fiscal Year 2020, resources for the Operating Reactors Business Line decreased as a result of the closure of Oyster Creek Nuclear Generating Station and the announced closure of the Pilgrim and Three Mile Island Nuclear Generating Stations.

The completion of flooding and integrated assessment work related to the lessons learned from the accident at Fukushima Daiichi in Japan decreased.

Workload associated with the decommissioning transition rulemaking also decreased and efficiencies gained from the merger of the Office of Nuclear Reactor Regulation and the Office of New Reactors.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Other workload decreases include a reduction in the number of states requiring potassium iodide replenishment, efficiencies in processing and licensing actions, and the expected completion of the non-power production and utilization license renewal rulemaking.

Resources associated with workload for burn-up enrichment and extension increased associated with the licensing of new accident-tolerant fuels.

Next slide. In Fiscal Year 2020, resources for the New Reactors Business Line decreased as a result of delays in application submittals for new reactor projects, including the Utah Associated Municipal Power System small modular reactor application, withdrawal of the Blue Castle large light-water reactor application, the AP 1000 design certification renewal application, and the Bellefonte nuclear station Units 1 and 2 construction and operating license application.

Reductions also reflect a near completion of the NuScale design certification review, the completion of the Clinch River early site permit review, a reduction in anticipated number of license amendment requests for Vogtle Units 3 and 4, and efficiencies gained from the merger of the office of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Nuclear Reactor Regulation and the Office of New Reactors.

Workload increased on activities supporting the development of advanced regulatory infrastructure, but these resources are not included in the fee base.

I'll now turn the presentation over to Andrea Kock, the Director of the Division of Fuel Management, to discuss the Fuel Facilities Business Line.

Andrea?

MS. KOCK: Good afternoon, as Cherish mentioned, my name is Andrea Kock, I'm the Director of the Division of Fuel Management in the Office of Nuclear Material Safety and Safeguards.

I'm going to provide you an overview of the fuel facilities Fiscal Year 2020 budget, and my goal is to provide you with an explanation of the work in our business line and how it relates to the fees for Fiscal Year 2020.

Next slide, please. So, as you heard earlier, our fees are derived from our budget. The total budgeted resources for the Fuel Facilities Business Line declined by about 22 percent in Fiscal Year 2020 and our fees declined by about 26 percent.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



This slide shows you a similar chart to what Russ put up, it shows you the nine product lines that are within the fuel facility business line, which is composed of both mission-direct and mission-indirect resources, and some resources that are excluded from the fee base.

The Fuel Facilities Business Line total budget is 88 FTE in Fiscal Year 2020, that's about 2 percent of the Agency's overall budget.

And as you would expect, the majority of these resources are about 52 FTE, or 57 percent of our budget are the majority of the business line budget in Fiscal Year 2020.

And these comprise our core activities in the fuel facilities business line, which are event response, licensing oversight, and rulemaking.

And then there's some mission-indirect resources which encompass about 24 percent of our Fuel Facilities budget.

And then you'll see that licensing and oversight are shaded a different color, it's because I wanted to point out that there's activities under licensing and oversight that are direct-fee billable activities and then there's other activities in those areas that comprise the annual fee that are paid by

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Fuel Facilities licensees.

And then similar to other business lines, generic Homeland Security and international activities are an important part of the work that we do, they make about 19 percent of our budget, but they are not part of the 90 percent of the budget that the NRC recovers through fees.

Next slide, please. This slide gives you an idea of the work that we do within the budget. The Fuel Facilities Business Line is responsible for regulation of ten major fuel facilities, as well as facilities that use greater-than-critical-mass material.

And as the business line lead, we are responsible for licensing and oversight for these facilities as well as the Domestic Control of Material Control and Accountability Program, as well as the International Safeguard Program.

And the work that we do in the business line includes license amendments, review of decommission funding plans, review of emergency plans and security plans.

And then under what we call oversight, we conduct inspections, force-on-force exercises and readiness reviews, and we do this with collaboration

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

between our Headquarters Office and our Region II Office, that's the office that's responsible for implementation of our inspection program.

The business line is also conducting transformational and innovation activities to prepare for emerging technologies and continue to enhance our programs through the revisions to our inspection and licensing programs.

We also, similar to other business lines, conduct rulemaking for fuel facilities.

Next slide, please. What I'm going to say on this slide is very similar to what you heard from Russ.

So, workload forecasting is the first thing that we do in building our budget and similar to what Russ said, the first thing we do is look for significant licensing actions that we anticipate would be coming our way.

This can come from letters of intent from our licensees, as well as continuous communication with our stakeholders.

We do, similar to what Russ said, encourage our stakeholders to give us an early heads-up on significant future licensing activities that may be coming our way so that we can make sure that we

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

have the resources available to address those.

We also look at the type of work that we anticipate to be working on. This means, again similar to what Russ said, the review is going to entail a safety and environmental review.

We look at the level of complexity of the review in coming up with our budget estimates.

We also consider the stage of the licensing review that we may add before us in terms of will it be at the beginning of the review, what are the activities in the middle of the review and at the end of the review?

So, we consider all of that when we budget. We also look at what potential hearings we may have to undertake and come up with our best estimate of the hearings we might have.

And then the scope and the amount of inspection activity varied by the type of facility. So, for example, a Category 1 fuel facility received more inspection than a Category 3 fuel facility.

And then similar to what you heard from Russ, we look at historical information, how many resources it has taken us to do the various types of activities that are undertaken by the business line.

Next slide, please. So, in Fiscal Year

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

2020 our resources in the Fuel Facilities Business Line decreased. This is due to an expected decline in work associated with license renewal applications decreasing.

We do anticipate a decrease in the number of license amendments and then I mentioned earlier we're working on efficiency gains in our licensing and inspection program and so we anticipate some efficiencies gained from these activities that we've been working on over the last few years.

There's also a reduction in rulemaking activities and then you heard earlier that we eliminated workload activities associated with Mixed Oxide fuel fabrication facility in the budget, which also drove the resources to decline.

In conclusion, there's a reduction in the fees for the fuel facilities business line with the expected decrease in the budget for this business line.

I'll now turn it over to Meg, who will discuss the next steps in the meeting today. Thank you.

MS. GOLD: Okay, thank you to all the panelists. So, we are ahead of time. Technically, we're going to take a ten-minute break so would we

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

like to continue or take a quick break?

We're good to go? Okay. So, with that, Michelle, you can hear us okay? Michelle, operator, do you hear us okay?

OPERATOR: Yes, I can.

MS. GOLD: Okay, so we're now going to move to our Q&A session.

We have allotted 15 minutes and if there are any follow-up questions that cannot be addressed at this meeting, the NRC will address these questions as part of the meeting summary, which will be made available on the NRC's public website 30 days after today's meeting, along with the official transcript of today's meeting.

I'm sorry, I take that back, we will now move forward with fees transformation. Anthony Rossi?

MR. ROSSI: Good afternoon, my name is Anthony Rossi.

I am the Licensee Policy Team Lead in the Division of the Budget, Office of the CFO. Today I will be providing an update of our fees transformation initiatives and where we stand today.

Next slide, please. Fees transformation was started several years ago under Project Aim with the goal to increase transparency, timeliness, and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

equity in the NRC's fee setting and billing process.

We originally developed over 40 process and policy improvement options to be completed during fiscal years 2017 through 2020. 100 percent of the improvements were completed for fiscal years 2017, 2018, and 2019.

For the full list of improvements and accomplishments, you can go to the link on the NRC's public website. It's shown on the slide.

Next slide, please. During FY 2020, we continued to work to complete the remaining three fees transformation activities. We have now completed the uranium recovery flat fee pilot initiative.

The NRC explored the feasibility of establishing a flat fee structure for routine uranium recovery licensing matters and inspection activities.

As a result of the pilot and in coordination with the one act of uranium recovery licensee, the NRC determined it was best to maintain the current fee billing structure for uranium recovery, 10 CFR Part 170 fees.

In addition, the NRC provided a report to Congress on January 9, 2020 describing the results of the pilot initiative and the decision to maintain the current NRC fee billing structure for 10 CFR Part 170

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

fees for services for uranium recovery licensees.

For more information, the report to Congress can be found at the ADAMS Ascension Number as indicated on this slide.

The e-billing phasing is underway. E-billing went live with a phased implementation on October 1, 2019 for 9 licensees and 65 dockets. Other licensees will be phased in throughout Fiscal Year 2020.

The NRC is targeting October 2020 as the month when full implementation will take place.

For additional information regarding signing up for e-billing, you can go to the link indicated on the slide which includes directions for enrolling. For those in the room, a brochure is available at the entrance.

Progress is being made on the small entities size standards review. The NRC has established nuclear-industry-specific small entity size standards to comply with small business administration regulations.

In order to evaluate these current small entity size standards, we need to obtain economic data from our materials licensees.

In order to obtain the information

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



necessary to update the NRC's small business size standards in 10 CFR 2.810 the NRC is conducting a financial survey of materials licensees to determine whether changes in the size standards are needed.

The NRC published a noticed in the Federal Register on February 4, 2020 announcing the survey with a requested due date of April 30, 2020 to complete the survey.

Licensees may submit a response to the survey electronically through the Internet at NRC.gov, as described in the Federal Register notice and as mentioned in the FY 2020 proposed fee rule, or respond using the paper survey that was mailed to each materials licensee.

As of March 2, 2020, the NRC has received approximately 400 responses from our materials licensees. The survey results will be used to acquire the data needed to determine if changes are needed and the impact of changing the current nuclear-industry-specific size standards.

Next slide, please. Next, I will provide an overview of the two policy changes described in the FY 2020 proposed fee rule.

Mike King, Director of Vogtle Project Office, NRR, will discuss the policy changes from a

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

technical standpoint regarding the timing of when the annual fee will commence for power reactors upon completion of power ascension testing.

Next slide, please. The NRC proposes two policy changes for FY 2020. The first change noted here is to change the exceptions in Section 170.21, Footnote 1, and Section 170.31, Footnote 2.

The NRC proposes to eliminate the fee exceptions set forth in these footnotes.

The footnotes contain parallel language stating that the NRC will not charge fees under 10 CFR Part 170 for orders related to civil penalties or other civil sanctions issued by the Commission under Section 2.202, or for amendments resulting specifically from the requirements of these orders.

Removing the exceptions will promote fairness and equity in the NRC's fee rule, consistent with the Independent Office's Appropriation Act, or IOAA, and it will help ensure that licensees who receive special benefits in the form of NRC services pay for those services consistent with IOAA, OBRA-90, and OMB Circular A-25.

Next slide, please. I'll be there in a second. The second change noted here concerns a request to amend Section 171.15 regarding the

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

assessment of annual fees for 10 CFR Part 52 combined license holders and future 10 CFR Part 50 power reactor licensees.

On February 28, 2019 the NRC received a petition for rulemaking from the Southern Nuclear Operating Company, docketed as PRM 171-1, requesting that the NRC revise its regulations in 10 CFR Part 171 related to the start of the assessment of annual fees for combined license holders under 10 CFR Part 52.

The petition described a request to align the start of annual fees with the commencement of commercial operations of a licensed nuclear plant. Next slide, please.

The NRC received five public comment submissions continuing some comments on the petition.

The comments were submitted by the Nuclear Energy Institute, several industry stakeholders, and one non-governmental organization.

All comments supported the Petitioner's request raised in the PRM. The Petitioner requested the NRC consider this rule change within the context of its annual fee rulemaking to amend 10 CFR Parts 170 and 171 for the collection of Fiscal Year 2020 fees.

The NRC published a notice in the Federal

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Register on November 26, 2019 that partially granted the Petitioners request by modifying the timing regarding the assessment of annual fees for 10 CFR Part 52 combined license holders.

In addition to the seven comments requested that the NRC expand the scope of any rulemaking associated with the petition for rulemaking to include certain licensees under 10 CFR Part 50.

All of the responses to comments received on the petition will be addressed in the final fee rule.

Based on NRC's review of PRM 171-1 and the public comments, the NRC is proposing to amend Section 171.15(a) to modify the timing regarding the assessment of annual fees for 10 CFR Part 52 combined license holders.

In addition, the NRC is proposing to amend the timing regarding the assessment of annual fees to apply to future 10 CFR Part 50 power reactor licensees.

Currently, Section 171.15 requires a 10 CFR Part 52 combined license holder to begin paying the annual fee once the Commission finds under Section 52.103(g) that all acceptance criteria in the combined license are met.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Similarly, 10 CFR Part 50 licensees begin paying annual fees upon issuance of an operating license.

The timing of annual fees reflects the NRC's historical position that a nuclear power reactor licensee receives the benefits of its license and they should begin paying annual fees when the NRC authorizes the licensee to use nuclear materials, that is, beginning to operate the reactor.

While the NRC did not accept the Petitioner's timing of commercial operations, the NRC finds that a proposed policy change that starts annual fees after initial testing would be a reasonable, fair, and equitable revision of the NRC's fee rule.

As previously mentioned, the public comments the NRR received on PRM 171-1 were supportive of the change to the timing.

As a part of a future initiative, the NRC will consider expanding the scope of this approach to apply to other 10 CFR Part 50 licensees beyond power reactor licensees in a future rulemaking.

With that, I turn the presentation over to Mike King, who will discuss the technical aspects of the change.

MR. KING: Thanks Tony. So, I'll spend

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

the next hour or so going through the detailed Part 52 license -- okay, just kidding.

As Tony mentioned, I'll give you a little bit of additional perspective regarding the timing of the annual fees, which was proposed in this change to the fee rule.

And just a high-level overview, I'll be talking about Part 50 licensees and Part 52 licensees. Part 50 is our traditional two-step licensing approach for power reactors, where we issue a construction permit followed by an operating license.

And the Part 52 licensee is more of a one-step combined operating license. So, what you see here is a detailed flow chart, which I won't go through, but I would call your attention to the step at the bottom, the 103(g) Finding for the reactor operating decision.

The 103(g) Finding is the point at which the Agency concludes that the plant was built safely and met all the acceptance criteria and is able to load fuel.

Traditionally, that's the point at which we would assess annual fees, or the Part 171 fees discussed earlier.

So, what's proposed in this fee rule is a

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

change to delay those annual fees until after the licensee has completed their power ascension testing.

And embedded in the only Part 52 plant under construction today, which are two units near Augusta, Georgia, Vogtle Units 3 and 4, is a license condition which requires them to make a notification to the Agency when they have completed power ascension testing.

And up until that point, they aren't authorized unrestricted full-power operations. So, because of that point built into their license, that's a convenient point at which to start assessing the annual fees.

So, there could be multiple months' delay between when the Agency would make its 103(g) decision and the point at which they have notified us they have completed power ascension testing.

Next slide, please. So, although there aren't currently any Part 50 power reactor licensees under construction, this is just to illustrate that there will be a similar change needed for any future licensees.

And so, at the point where we would normally issue annual fees or start collecting annual fees at operating licenses, we would need to similarly

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

add for any future licensees a license condition requiring them to notify us that they have completed power ascension testing or to address it in rulemaking in some other way.

So, that's it, thanks. Jason?

MS. JOHNSON: Meg, we were going to suggest that maybe we take that ten-minute break now before we move into the next section that Jason will present?

MS. GOLD: Okay, so we're going to take a ten-minute break, so we'll reconvene at 3:05 p.m.

Okay, Michelle?

(Whereupon, the above-entitled matter went off the record at 2:55 p.m. and resumed at 3:05 p.m.)

Jason's going to start with NEIMA.

MR. SHAY: All right, thank you.

So, I'm going to end strong on one of my favorite topics, which is the Nuclear Energy Innovation and Modernization Act, or NEIMA, which was signed into law on January 14, 2019 and becomes effective in FY 2021.

So, highlighted on this slide are some of the major impact changes resulting from NEIMA. Christie Galster already talked and discussed one of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



the major impacts, which is the change to our feed framework so I'm not going to cover that again.

But I will discuss some of these, the four bullets that you see on this chart on this slide in bigger detail.

So, first, NEIMA caps the corporate support budget to 30 percent in FY 2021 and FY 2022, and it caps it at 29 percent in FY 2023 and FY 2024, and 28 percent in FY 2025 and beyond, to the maximum extent practicable.

In addition, NEIMA also caps the operating reactors annual fee to the amount established in the FY 2015 final fee rule, adjusted for inflation.

NEIMA also requires the anticipated expenditures for requested activities of the Commission, which is comprised of the eight categories to be identified in the annual budget justification.

And lastly, in support of accurate invoicing, NEIMA requires the Agency to, one, ensure an appropriate review and approval prior to the issuance of invoices.

It also requires the Agency to develop and implement processes to audit invoices to ensure accuracy through transparency and fairness.

And also, the NRC must modify regulations

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

to ensure fair and appropriate processes to provide licensees and applicants the opportunity to efficiently dispute or otherwise seek corrections of errors in the invoices for those fees.

So, I'm going to address each one of these in detail in the next few slides. So, next slide, please.

So, as I mentioned, NEIMA does cap corporate support budgets at 30 percent of the total budget in 2021 and 2022, 29 percent in 2023 and 2024, and 28 percent in 2025 and beyond.

As the slide illustrates, the NRC has made significant progress in reducing corporate support budgets in recent years, with reductions of \$21.5 million or 7 percent from FY 2019 to FY 2021, and \$74.7 million or 22 percent from FY 2014 to FY 2021 respectively.

In FY 2021, resources requested for corporate support came to 31 percent of the Agency's total budget and reflects the Agency's efforts to comply with NEIMA to the maximum extent practicable.

Further reductions to corporate support in FY 2021 were not feasible and would jeopardize the corporate activities necessary to accomplish the Agency's mission.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Next slide, please. So, as I mentioned in my previous slide, NEIMA does cap the power reactors' annual fee to the amount established in the FY 2015 final fee rule, adjusted for inflation.

While not directed to do so, the NRC did include an estimate of the operating power reactor annual fee in the FY 2021 Congressional Budget Justification with the intent to increase transparency.

The NRC developed this estimate based on the following. We allocated the FY 2021 budget request to fee classes under 10 CFR Part 170 and 171.

We assumed 93 operating power reactors in FY 2021 and we also applied various data assumptions and calculations from the FY 2019 final fee rule.

We assessed the calculations for generic transportation allocation, the generic low-level waste, and also Part 171 billing adjustments.

Based on these allocations and assumptions, the operating power reactor annual fee for FY 2021 is estimated to be \$4.8 million, approximately \$0.6 million below the FY2015 operating power reactors' annual fee, adjusted for inflation.

Next slide, please. So, NEIMA requires the NRC to identify anticipated expenditures for

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

requested activities in its annual Congressional Budget Justification.

Most fee billable work is considered requested activities, except for things like oversight activities such as inspections.

I would like to draw your attention to the category entitled Any Other Activity Requested by Licensees or Applicants. Examples of this category include topical reports, relief requests, and preparation for alternatives.

NEIMA does limit movement of resources for requested activities during the year of execution, to the maximum extent practicable.

And for additional information on this topic I would like to refer you to Appendix E of the FY 2021 Congressional Budget Justification, which does summarize the NRC's 2021 requested activities budget by business line.

Next slide, please. My last slide highlights the efforts underway to support accurate invoicing. In July 2019 the NRC implemented a new monthly standardized fee validation process.

The new process improved accountability and oversight within the NRC to ensure that fee billing data is accurate before appearing on

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

licensees' quarterly invoice.

The changes to this new process included additional data elements to our IT systems, including the points of contact who are responsible for performing fee validation and oversight of the validation process.

It also included the development of new reports for Staff and managers to improve their analysis. So, in addition, in October of 2019 the NRC implemented e-billing, which is a new electronic billing system which provides licensees with numerous benefits, including improvements to invoice transparency.

For example, e-billing provides the capability for licensees to analyze their invoices online and easily export invoice data for analysis and verification of charges.

It also provides an efficient method to submit inquiries regarding their invoices by having questions immediately delivered via email to the Agency for research or action.

And lastly, the NRC is currently developing a process and guidance to support the modification of the FY 2021 fee rule to ensure licensees and applicants are provided an opportunity

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

(202) 234-4433

(202) 234-4433

to efficiently dispute or otherwise seek review and correction of errors in invoices of those fees.

So, this completes my presentation on NEIMA and with that, I'll turn it over to Meg Gold, our facilitator, for our Q&A portion of this meeting.

Thank you.

MS. GOLD: Okay, Q&A.

So, we have allotted 50 minutes for a Q&A session and if there are any questions that cannot be addressed at the meeting, the NRC will address these questions as part of our meeting summary, which will be made available on NRC's public website within 30 days of today's meeting, along with the official transcript of today's meeting.

So, at this time, if you are in the room and have a question, please use one of the microphones located at both ends of the room.

Please speak clearly and state your name and affiliation so that we are able to record this on the record.

And for those on the phone, if you have a question for one of the presenters, please dial \*1 and record your name.

Michelle, our operator, will let you know when it is time to ask your question. At that time,

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

please speak clearly and state your name and affiliation.

For the NRC Staff in the audience, please note our guests from industry and the public have priority when it comes to asking questions and comments.

So, with that, are there any questions in the room?

MR. BUTLER: Thank you. I'm John Butler, NEI. I'd like to start off with a comment instead of a question.

I'd like to thank the Agency for what I think is probably the best public meeting on the fee rule that I've attended, and I've been attending the meetings for probably approaching ten years.

So, both in terms of the level of detail in the presentation material and in the clarity of the presentations. It was excellent so I thank you.

I had several questions, I don't have to ask them all at one time any the order of the questions is the order they came to me, not level of importance.

MS. GOLD: If it's okay, maybe start with two questions and then we'll go to the phones and then we'll come back to you.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

Thanks.

MR. BUTLER: The first question I think is for Christie on Slide 22. I just had a question, a clarification, of under the Operating and New Reactor Business Lines there's the indirect hourly rate.

I didn't catch what that was.

MS. GALSTER: So, when we went over the hourly rate, that is the portion that goes into creating the Part 170 hourly rates.

So, your mission salaries and benefits, your mission indirect, and that's that portion of the mission indirect.

MR. BUTLER: All right, my second question I think would possibly go to Russ because it was on his slide, but it may be somebody else.

On Slide 25 where you have the business line activities, this is just kind of a question to help me in the future as I'm going through the budget, is there a way to determine how much of each of these business line activities is recovered through Part 170 service fees and how much is recovered through Part 171 annual fees?

MR. FELTS: That's not illustrated on the slide, but I think that can certainly be done from an accounting perspective.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



We can certainly figure out those ratios, if that might be of interest. Maybe we could work on putting something like that in the meeting summary.

MR. BUTLER: If it's something that can be determined from the existing information, I just need a little instruction.

MR. FELTS: Are you talking about the slide that's on the screen right now?

MR. BUTLER: Yes, that's the one.

MR. BLANEY: Hi John, this is Billy Blaney, I'm in the Office of the Chief Financial Officer.

In the FY 2021 budget process we have put some new data elements when we're doing out estimating in the formulation process, which allows us to estimate the Part 170 and Part 171 split.

Again, it's at a much higher level than when we actually do our fee rule, we do a little lower-level granular process.

But we will, starting in FY 2021, be able to better tell you as to where that split is, if that makes sense. So, we actually added these components into our budget formulation process.

MR. BUTLER: I can estimate just on general knowledge of what goes into each of these

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

business lines the general breakdown, but it would be of interest to see how that changes from year to year.

MS. GOLD: Okay, Michelle, can we please proceed and see if there are any questions on the phone lines?

OPERATOR: Thank you, and once again that is \*1 if you would like to ask a question. Michael Callahan from GSI, you may go ahead, sir.

MR. CALLAHAN: Thank you, and I echo the previous comment about the quality of the briefing.

I'm wondering if as part of the summary or otherwise there can be a rack-up of the increases and decreases for the Spent Fuel Storage and Transportation Business Line and for the Decommissioning and Low-Level Waste Business Line.

Noting that you're even going back to the press release on the fee rule, there are increases indicated this year of about 13 percent for those 2 business lines.

It would be really helpful to determine what the pluses and minuses are that lead to that.

I'm also wondering if, as you look forward to next year, you would be anticipating additional increases falling upon those two business lines as other business lines either decrease in the number of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

licenses or actions requested, or the restrictions that NEIMA might impose?

Thank you.

MS. GALSTER: Hi, this is Christie Galster, I just want to touch on the first part of your question.

For the Spent Fuel Storage and Transportation Business Line, as well as Decommissioning and Low-Level Waste Business Line, I know that in our work papers we also have reconciliations with those business lines and which fee classes they go in as well for the ins and outs that you were referring to.

MR. CALLAHAN: Those are available?

MS. GALSTER: Yes, those are available in the 2020 fee reward papers that are publicly available.

MR. CALLAHAN: Okay, so you're not going to do a slide or any other summary like you did for operating reactors or for the fuel facilities?

MS. GALSTER: The reconciliation portion, where we went from the business line budget to the fee class budget, that breakdown is in the work papers but, no, not a five-year trend.

MR. CALLAHAN: I'm talking about something

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

much simpler.

In the operating reactor case and in the fuel facilities case, there are factors that you cite, bulletized on a couple of slides, that talk about the increases in effort and the decreases in effort that provide a clue as to why there's a level of increase or decrease in both of those.

So, that's all I was looking for.

MS. KOCK: So, this is Andrea Kock, Mike. I can answer that for the spent fuel business line.

What you're talking about, I think, are where the workload increases are that drive the slight increases in fees. And in the spent fuel business lines it's due to an increase in renewals this year and it was very slight.

Does that help you?

MR. CALLAHAN: Okay. Absolutely.

As I say, it was just missing from the presentation, but it happens to have -- when you combine decommissioning and spent fuel, you all have indicated a 13 percent increase in those 2.

So, that's all I was looking for, some level of what the rationale is for it, much like you portrayed in the operating reactor and the fuel facilities slides.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

MS. GOLD: Okay, there's nothing else, Michelle? Are there any other questions on the line right now?

OPERATOR: Once again, that is \*1 if you'd like to ask a question.

MS. GOLD: Otherwise, we'll go back to the room for two more questions and then see if there are additional questions on the line. So, we will do that at this point.

OPERATOR: There are no further questions.

MR. BUTLER: Again, John Butler, NEI. I have a question on Slide 35. This was in Mr. Rossi's presentation.

The fee transformation accomplishments, there have been quite a few and it's been going on for several years. So, I like the website where it goes through all these accomplishments.

One of the accomplishments that occurred back in 2017 was the posting of expected or average costs for various licensing and oversight activities. So, that's good information.

What I would ask someone to look into is whether or not that information which is from 2017 is up to date or should be updated in some fashion.

There may be new activities that aren't

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

reflected on those lists and the existing activities certainly have a few years of additional information that could affect the estimates.

MR. ROSSI: We've recently started a task to update those and we hope to complete those by the end of March.

MR. BUTLER: Excellent.

MR. ROSSI: And we're looking at improving the information that's there as well.

MR. BUTLER: Thank you.

MS. GOLD: One more question, please.

MR. BUTLER: Slide 36, I just had a question on the bullets on the e-billing system.

The one that says full implementation, October 2020, I was just curious as to what was meant by full implementation. It's in effect right now.

MS. BLAIR: Hi, this is Meghan Blair, NRC, OCFO. The system is fully functioning, we just started out with the few licensees that were participating in the pilot, so we didn't consider that a full implementation.

We're just going through the onboarding process and marketing process to try to get more licensees on board, and we'll consider that process to hopefully be completed where we get the majority of

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

the licensees on board by the end of the year.

MR. BUTLER: But it's currently fully functioning?

MS. BLAIR: Fully functioning, and we actually have some nice enhancements coming as well.

MR. BUTLER: Great. Thank you, no more questions.

MS. GOLD: No more questions? Okay, Michelle, any more questions from the phone?

OPERATOR: We do. Eric Jebesen from Exelon Generation, you may go ahead, sir.

MR. JEBSEN: Thank you for taking my question. Very good presentation.

My question is looking at the Fiscal Year 2021, I understand it was the inability to reduce the corporate support within the guidelines of NEIMA.

And I don't know enough to really question up or down how that decision was made, so my question is, is there an explanation in the budget justification or an anticipated explanation in the proposed rules or anything like that to explain how that worked or how that decision came about?

And I apologize if it's in there already and I just missed it.

MR. SHAY: When we formulated the budget

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701

and we looked at corporate support resources across the organization, we determined that those were the resources that were necessary to accomplish the mission without it jeopardizing the mission.

And so that is the budget that we did put forward so we're going to leave it at that I believe.

MR. JEBSEN: Okay, thank you.

OPERATOR: At this time, I'm showing no further questions.

MS. GOLD: Okay, there are no more questions in the room. So, with that, I think we can conclude our question-and-answer period.

As I mentioned earlier in the presentation, the deadline for submitting comments for this rulemaking is March 19, 2020.

The contact information for the Staff responsible for this proposed fee rule is also included in that slide.

So, unless there are further questions, I will turn the meeting back to Cherish to proceed with CFO closing comments.

Again, thank you very much to everybody for participating in the room and on the phone lines.

MS. JOHNSON: I would also like to echo that and thank everybody for their participation.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701



Those in the room, I thank you, I'm glad that we got a few phone call questions coming in and for anybody joining us via webcast, thank you for taking the time to join us this afternoon.

We really appreciate your comments and feedback.

I agree that this was a very transparent dialog we had today so thank you for that and any other comments you may have that will help us, also for any Staff or stakeholders that are here, hoping that the education from the NEIMA and the budget formulation activities was informative and helpful to us.

And we look forward to any comments you have. I'd like to thank those on the license fee policy team for putting this together for us today and did a really wonderful job.

I appreciate that. And with that, I think that we are concluded. Thank you.

(Whereupon, the above-entitled matter went off the record at 3:26 p.m.)

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS  
1323 RHODE ISLAND AVE., N.W.  
WASHINGTON, D.C. 20005-3701