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Congress of the United States

House of Representatives

Washington, D.C. 20515

February 14, 1984

HOUSE COMMITTEE ON
BANKING FINANCE AND
URBAN AFFAIRS

HOUSE COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

HOUSE SELECT COMMITTEE
ON AGING

Mr. Nunzio Pallidino
Chairman
Nuclear Regulatory Commission
1717 H St., N.W.
Washington, D.C. 20555

Dear Mr. Chairman:

Because of time limits, I was unable to explore more deeply a number of questions I had regarding the Commission's testimony before the Subcommittee on Energy and the Environment. I would therefore appreciate having the Commission's response to the following questions:

ADM 1) In relation to the NRC's Inspection and Enforcement activities, please provide a breakdown of the fees being paid to the Commission for the issuance of any license or permit and for the inspection of any utility during the most recent fiscal year.

IE/ADM
SKACE 2) The Commission indicated, in reply to my question regarding fees, that no charges were being assessed by the commission for quality assurance/quality control inspections of vendors.

-How do you justify this in light of the fact that a substantial portion of your I & E budget increases are being attributed to the need for stepped up quality assurance/quality control activities?

-Is it the Commission's view that quality assurance/quality control is solely a public benefit?

-Isn't it likely that the licensee receives a benefit in the assurance that the vendor's product is more likely to meet specifications with these inspections?

-Is the vendor not also receiving a benefit in that their product's quality becomes enhanced through these inspections, thereby creating greater market acceptance as to the soundness of the product?

ADM 3) Please elaborate on the Commission's consideration of a rulemaking which in essence would put a cap on fees collected from licensees. Your answer should include the rationale behind the consideration of this rule; all available information on how such a rule would be structured, the present status of the rulemaking process, and the timetable for completing action on this proposal.

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Chairman Pallidino
Page 2

4) Regarding the TMI-2 cleanup:

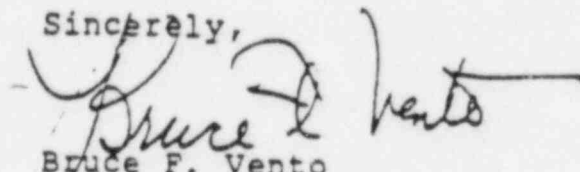
HR/SP?/IP In the attachment to your testimony, the Commission indicated that voluntary pledges from utility companies for the cleanup of TMI-2 had not reached the necessary \$100 million level.

- Can you provide information as to what the present funding level of the pledge fund is?
- Are there any regulations as to how the disbursement of cleanup funds is made?
- Can you explain more fully the nature and extent of the Japanese involvement in the TMI-2 cleanup?
- What new approaches would the Commission offer to Congress for the cleanup of TMI-2?

I would appreciate your prompt attention to these questions and look forward to your reply.

Warm regards.

Sincerely,


Bruce F. Vento
Member of Congress

BFV:ccj

Question 9. Congressman Vento expressed concern at the March 2 hearing about who bears the cost of the NRC's regulatory activities. Please answer the following related questions:

(a) From the time an applicant publicly announces the intent to build a nuclear power plant, what is the total cost of the NRC's licensing process leading to a final decision on a construction permit application? How much of this total is paid by the applicant?

(b) From the time an NRC construction permit is issued, what is the total cost of the NRC's licensing activities leading to a final decision on an operating license? How much of this total is paid by the applicant?

(c) What portion of the NRC's reactor inspection costs are borne by the licensee during construction? During operation? What portion of NRC's vendor and contractors inspections are borne by the vendors or contractors? What is the NRC's rationale for not requiring the licensees to bear the full costs of these inspections?

Answer

(a) In the NRC cost recovery program the cost incurred in the review of an application for a construction permit was determined and this cost was used as an upper limit for the fee schedule developed by the Commission in FY 1977. Under the fee program a licensee would be assessed a charge based on actual cost up to \$1,069,000. Since the current fee schedule was developed costs have risen substantially, e.g., approximately 50% for the Office of Nuclear Reactor Regulation, however, recovery is still limited to \$1,069,000. It is the NRC's intent to reassess the costs of licensing and inspection in the near future and where appropriate adjustments will be made. It should be noted that none of the Commission's costs associated with generic licensing, standards development and research are included in fees.

(b) The average cost of reviewing an application for an operating license is \$1,024,500. Licensees are assessed fees based on actual review costs up to a limit of \$1,024,500. Operating license fees were developed on the same basis as fees for construction permits.

(c) At the time the current fee schedule was developed in FY 1977, inspection costs associated with a construction permit were approximately \$160,000 and \$290,000 for an operating license. These costs were used as the upper limit in the NRC schedule of license fees. Licensees pay inspection costs up to these limits.

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Vdall
Question - got
from chit, etc

Reply to
Paul Finner
3/10/79

Paul
Fere called 3/10/79
I say Chittell
pay the NRC costs
are up 50% on
the OC - told
him OK to review
Question b.
ag

Vendors and contractors pay none of the costs incurred in inspections. The Commission's schedule of fees is based on guidance from Court decisions involving the FCC's license fee program. Both the FCC and NRC derive their statutory authority for cost recovery from the Independent Offices Appropriation Act of 1952. Court guidance provided that fees must be assessed to an applicant for specific measurable services. Since vendors in the Licensee Contractor and Vendor Inspection Program (LCVIP) do not file applications or requests for licenses or approvals, the NRC is unable to assess the vendor for inspections.