



Commission Briefing on the Fee Process (Public Meeting)

September 16, 2016

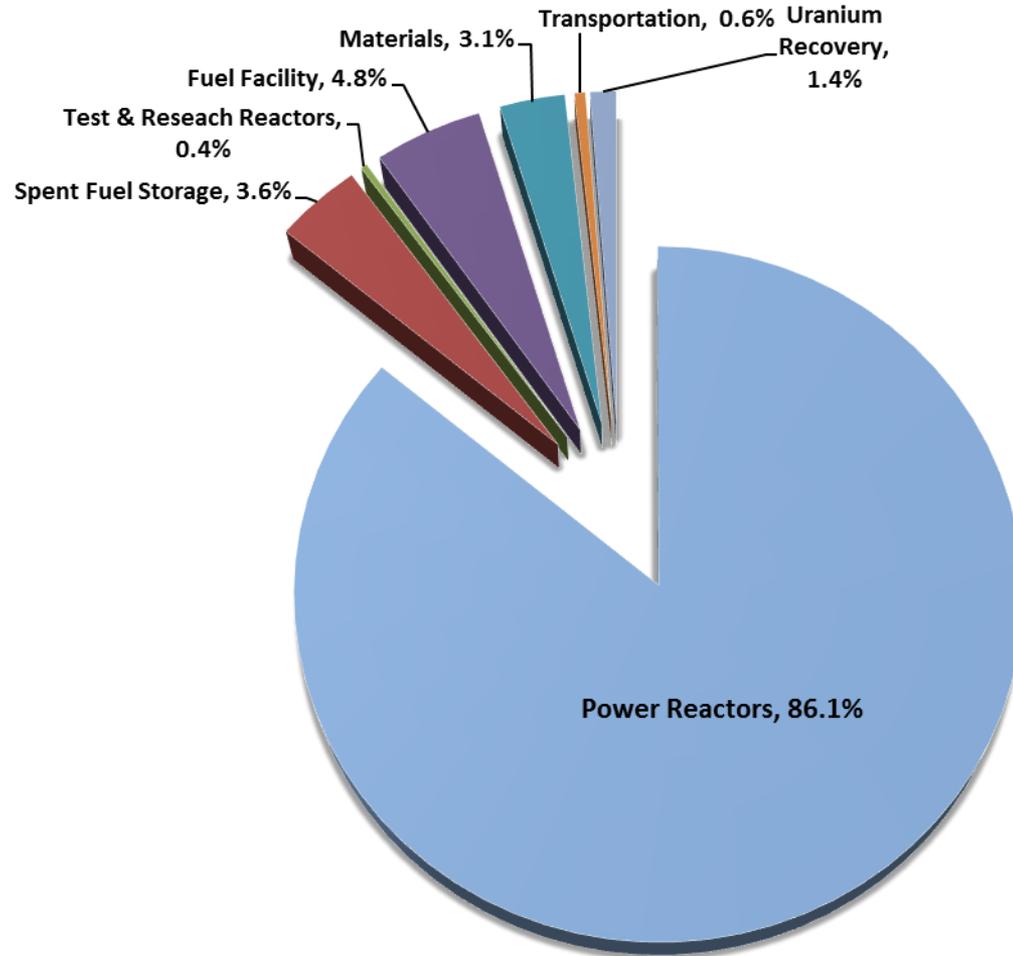
9:00 am

Fee Setting Process

Maureen E. Wylie
Chief Financial Officer

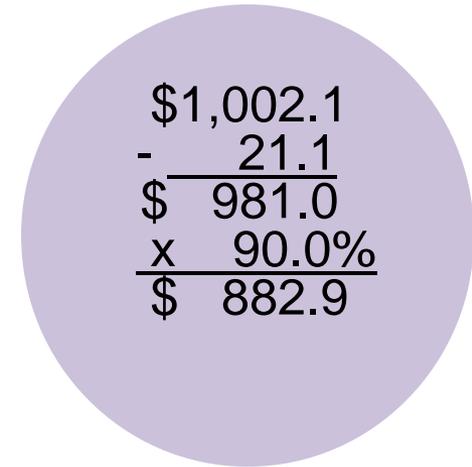
License Fee Classes

Percentage of Budgeted Resources for Fiscal Year (FY) 2016



Budget and Fee Recovery Amounts for FY 2016 Final Fee Rule (In Millions)

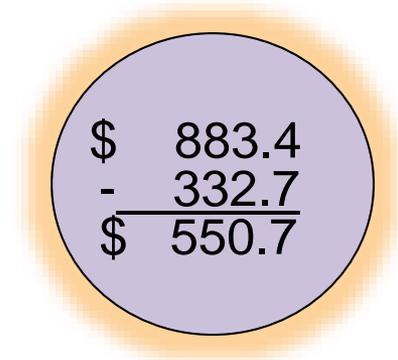
Total Budget Authority
 *Less Non-Fee Items
 Balance
 Fee Recovery Rate for FY 2016
 Total Amount to be Recovered For FY 2016



Add: Billing Adjustments

0.5

Adjusted Recovery Amount
 Less Estimated Part 170 Billings
 Part 171 Fee Collections Required



*Includes Waste Incidental to Reprocessing, Generic Homeland Security and IG Services to Defense Nuclear Facilities Safety Board

Hourly Rate Methodology*

FY 2016 Final Fee Rule

FY 2016 Budget Included in Hourly Rates**

Mission Direct Program Salaries & Benefits	\$369.6m
Mission Indirect Program Support	140.6m
Agency Support: Corporate Support and Inspector General	<u>314.0m</u>
Subtotal:	\$824.2m
Less: Offsetting Receipts	- 0.1m
Total Budget Included in Hourly Rate	<u>\$824.1m</u>

Mission Direct Full Time Equivalentents (FTEs):	2,157 FTEs	
Annual Direct Hours per Direct FTE:	1,440 Hours	
Professional Hourly Rate		\$265
(Total Budget Included in Hourly Rate divided by Mission Direct FTE Hours)		

* Methodology based on OMB circular A-25 "User Charges"

** Budget included in Hourly Rate calculation excludes Direct Program Contract Costs

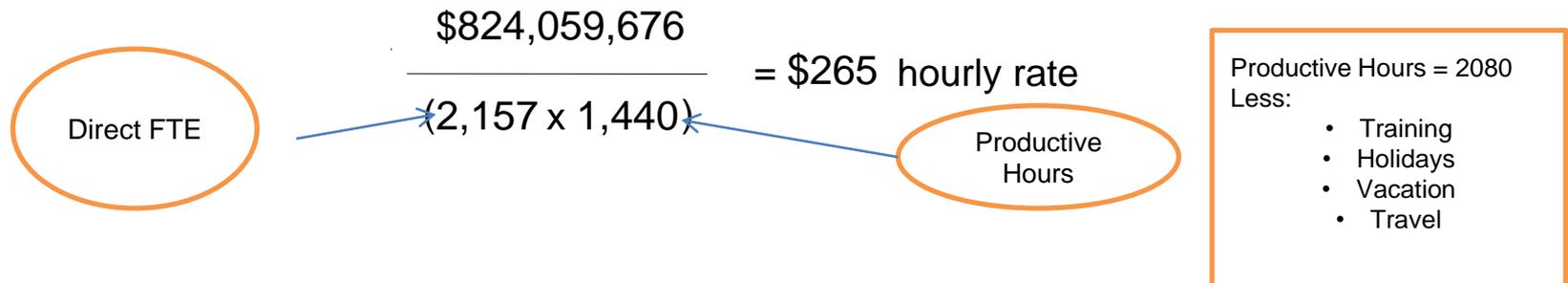
10 CFR 170 Hourly Rate Calculation

Budget Resources

 = Hourly Rate

Mission Direct FTE Hours

FY 2016 Final Rule



Part 171 – Annual Fees

Annual Fee Calculation

1. Budgeted resources by Fee Class
2. Less estimated Part 170 receipts
3. Add allocated generic transportation
4. Allocate net Fee-Relief/Low Level Waste (LLW) Surcharge
5. Allocate billing adjustments
6. Balance is the required annual fee recovery amount

Fee-Relief

1. Activities not attributable to an existing NRC licensee or class of licensee:

- International Assistance activities
- Agreement State oversight
- Scholarships and Fellowships
- Medical Isotope Production Infrastructure

2. Activities not assessed under 10 Code of Federal Regulations (CFR) part 170 licensing and inspection fees or 10 CFR part 171 annual fees based on existing law or Commission policy:

- Fee exemption for nonprofit educational institutions
- Costs not recovered from small entities under 10 CFR 71.16(c)
- Regulatory support to Agreement States
- Generic decommissioning/reclamation (not related to the power reactor and spent fuel storage fee classes)
- *In Situ* leach rulemaking and unregistered general licensees
- Potential Department of Defense remediation program MOU activities

Total Fee-Relief Activities (from the FY 2016 fee rule)	\$98.0m
Less: 10% of the Total NRC FY 2016 Budget (less non-fee items)	(<u>98.1m</u>)
Fee-Relief Adjustment (credit) to be Allocated to All Licensees' Annual Fees	(<u>\$ 0.1m</u>)

Statutory and Regulatory Framework

- Independent Offices Appropriation Act (IOAA) of 1952.
 - Regulations Under Part 170 of Title 10 of the CFR.
 - Fee for services.
 - Billed as hours expended times NRC professional hourly rate.
- Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended.
 - Regulations under Part 171 of Title 10 of the CFR.
 - Collect approximately 90% of Budget Authority by end of fiscal year.
 - Recover through annual fees.
 - Research budgetary resources.
 - Rulemaking budgetary resources.
 - Other budgetary resources not recovered under IOAA.
- Annual Appropriation.

Fees Setting History

- In 1968, the Atomic Energy Commission (AEC) started collecting a very small percentage of fees.
- From 1968 through the 1980's, as the statutes changed, the AEC and then the NRC collection percentages rose from about 15% to 45%.
- In the 1990's, under OBRA-90, the collection percentage rose to 100%.
- Finally, through an amendment to OBRA-90, after the year 2000, the collection percentages decreased over time to 90% in 2005, where it remains today.

Project Aim - Fees Transformation

- Increase transparency, timeliness and equitability of NRC fees setting process.
- Interoffice Steering Committee was convened.
- Sought external stakeholders views.
- Developed over 50 improvement options.
- Evaluation criteria: transparency, timeliness and equitability was used.

Improvement Themes

- 1) Alignment of budget and fees
- 2) Direct billing to licensees
- 3) Outreach to licensees
- 4) Streamlining fee calculations
- 5) Evaluation of new basis for fees
- 6) Modification of invoices

Examples of Improvements within the Themes

- Align budget and fees:
 - Include more information in our documents (e.g. the CBJ or our fee rule workpapers) to strengthen the connection between budget formulation and fees setting and increase transparency.
 - Validate the budgeting process by comparing “budgeted” with “as spent” amounts to increase transparency.
- Streamlining fee calculations:
 - Publish the fee rule earlier to increase timeliness and predictability.
 - Simplify the methodology for calculating fees for Uranium Recovery, Fuel Facilities and Materials Users to increase transparency.
- Evaluation of a new basis for fees:
 - Expand the use of flat fees to increase predictability.
 - Base fees on size of the licensed facility (e.g. megawatt thermal, number of well fields on a site, etc.) to increase equitability.

Potential Policy Improvements

	<u>Proposed Implementation</u>
1) Base the annual fee on size of the facility.	FY 2019
2) Charge operating reactors a combined part 170 and part 171 fee.	FY 2018
3) Charge a flat fee for license amendments and routine activities for materials program licensees.	FY 2020
4) Charge hourly fees for all contested hearings.	FY 2018

Next Steps

- Implement administrative changes for FY 2017.
- Evaluate policy change options as directed by the Commission.
- In partnership with the program offices, further develop future change options subject to availability of resources.

Advanced Reactors

- Advanced reactors has been a busy topic for the past few years for those involved in the field.
- Currently operating licensees feel that they should not have to pay the annual fees that would recover the advanced reactor budget because they won't be the ones implementing the technology.
- And given the uncertainty surrounding advanced reactor technology, we intend to demonstrate flexibility and will continue to analyze whether we can assess fees differently based on emerging technologies.

Budget and Workload Planning for the Operating Reactor Business Line

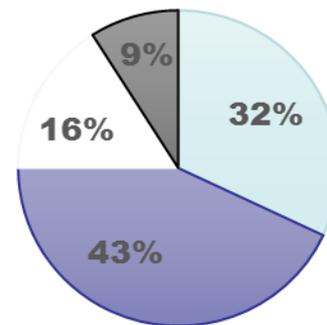
Michele G. Evans

**Deputy Director for Reactor Safety
Programs and Corporate Support
Office on Nuclear Reactor Regulation**

Reactor Safety Program

- New Reactors
- Operating Reactors
 - Licensing
 - Oversight
 - Research

Operating Reactor Business Line



■ Licensing ■ Oversight ■ Research ■ Other

Fee Billing for Operating Reactors

- Part 170 Billed (Hourly Fee)
 - License Renewal
 - Topical Reports
 - Licensing Actions
 - Operator Licensing
- Part 171 Billed (Annual Fee)
 - Licensing Support

Licensing Budget Formulation

- License Renewal & Power Uprates
- Licensing Actions
- Plants Transitioning to Decommissioning

Process Improvements in Licensing Budget Execution

- NRR licensing action process improvement
- Reinforcement of Process Expectations
- Focus Groups and Lessons Learned
- Replacement Reactor Program System (RRPS)

Advanced Reactor Discussion

**Vonna Ordaz, Deputy Director
Office of New Reactors**

SMR and Advanced Reactor Communities Have Identified NRC Fees as a Major Concern

- 10 CFR Part 171 fees identified as excessive for smaller, less complicated designs
- 10 CFR Part 170 fees identified as an obstacle for designers of innovative technologies

NRC Taking Actions to Address Fee-Related Concerns

- Recent Rulemaking provided SMR-specific fee structure
- Staff initiative to make SMR and Advanced Reactor Reviews more efficient and predictable

Part 171 Revision Provided a Variable Annual Fee for Light-Water SMRs

- SMR fee structure based on thermal power level of facility
- Advanced reactors not included at this time
- Staff will consider expanding rule scope to non-LWRs in the future

Ongoing Activities for Development of Non-LWR Infrastructure

- Non-LWR vision & strategy emphasizes readiness to review
- \$5M non-fee recoverable budget proposed for FY 17, similar future requests are anticipated
- Proposals to eliminate Part 170 review fees for advanced reactors would require legislative remedy