

FINAL SUPPORTING STATEMENT
FOR
DOE/NRC FORM 742C
"PHYSICAL INVENTORY LISTING"
AND NUREG/BR-0007, REVISION 8
"INSTRUCTIONS FOR THE PREPARATION AND DISTRIBUTION
OF MATERIAL STATUS REPORTS (DOE/NRC Forms 742C)"
(3150-0058)

EXTENSION

Description of the Information Collection

U.S. Nuclear Regulatory Commission (NRC) regulations require each licensee who is authorized to possess at any one time and location special nuclear material (SNM) in a quantity totaling more than one gram of contained uranium-235, uranium-233, or plutonium, or any combination thereof, to prepare and submit reports concerning SNM received, produced, possessed, transferred, consumed, disposed of, or lost. Each NRC licensee who has been selected for the application of International Atomic Energy Agency (IAEA) safeguards under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 75 is required to complete and submit Department of Energy (DOE)/NRC Form 742C, "Physical Inventory Listing," within 30 days after the start of a physical inventory. The instructions for completing Form 742C are in NUREG/BR-0007, Revision 8 "Instructions for the Preparation and Distribution of Material Status Reports."

A. JUSTIFICATION

1. Need for and Practical Utility of the Collection of Information

In order for the United States to fulfill its responsibilities as a participant in the U.S.-IAEA Safeguards Agreements and to satisfy various bilateral agreements for nuclear cooperation with other countries, and its domestic safeguards responsibilities, it is necessary for licensees affected by 10 CFR Part 75 and related sections of Parts, 40, 50, 70, 74, and 150 to submit accounting reports.

Per 10 CFR 75.35 and 74.13, each licensee identified by the Agreement shall submit material status annual reports for each physical inventory taken as part of the material accounting and control procedures. A computer-readable DOE/NRC Form 742C is used for the collection of the information on the physical inventory of nuclear material. This information is used by the U.S. to meet its annual reporting obligations to the IAEA in accord with its Safeguards Agreements. The annual accounting reports for each IAEA material balance area must include material status reports based on a physical inventory of nuclear materials actually present.

2. Agency Use of the Information

The NRC is required to collect nuclear material inventory information and make it available to the IAEA. The use of DOE/NRC Form 742C, together with NUREG/BR-0007, Revision 8, the instructions for completing the form, enables NRC to collect, retrieve, analyze as necessary, and submit the data to IAEA to fulfill its reporting responsibilities. Use of this computer-readable report form

enhances NRC's ability to collect and provide this data. This information is needed to satisfy the terms of the U.S.- IAEA Safeguards Agreements and to satisfy domestic safeguards requirements.

3. Reduction of Burden Through Information Technology

The NRC has issued [Guidance for Electronic Submissions to the NRC](#) which provides direction for the electronic transmission and submittal of documents to the NRC. Electronic transmission and submittal of documents can be accomplished via the following avenues: the Electronic Information Exchange (EIE) process, which is available from the NRC's "Electronic Submittals" Web page, by Optical Storage Media (OSM) (e.g., CD-ROM, DVD), by facsimile or by e-mail. It is estimated that approximately 98% of the potential responses are filed electronically.

There are no legal obstacles to reducing the burden associated with this information collection. The NRC encourages respondents to use information technology when it would be beneficial to them.

Form 742C is a common form hosted by the NRC that is also used by the DOE. The NRC provides the form and instructions to all affected NRC licensees who must submit reports electronically. Once submitted by licensees, information from these forms is saved in a Nuclear Materials Management and Safeguards System (NMMSS). The use of common reporting forms minimizes the reporting burden on industry members required to provide regulatory or contractual obligations. The licensee is thus able to file one report to meet the requirements of both agencies. Compliance with specific reporting requirements is monitored by the agency for which the specific data are required. Currently DOE has no burden hours associated with the use of this form.

4. Effort to Identify Duplication and Use Similar Information

No sources of similar information are available. There is no duplication of requirements. In addition, the use of common reporting forms by DOE and NRC minimizes the reporting burden on industry members required to provide nuclear material data to one or both agencies.

5. Effort to Reduce Small Business Burden

The burden on licensees will vary with the size and type of licensed operation. Further burden reductions for small businesses would prevent the NRC from fulfilling its international or domestic responsibilities.

6. Consequences to Federal Program or Policy Activities if the Collection is Not Conducted or is Conducted Less Frequently

Affected licensees are required to submit reports annually. This is the minimum frequency of collection required to satisfy reporting regulations and as required by the facility's license to possess material. This schedule is reasonable because the submission will coincide with taking a physical inventory. This is required by 10 CFR Parts 74 (Section 74.13), 75 (Sections 75.31, 75.32, 75.33, and 75.35), 150 (Section 150.17) and related sections of Part 40 (Section 40.64). At the specified times for inventory reports, the licensee simply submits the accumulated reporting data from the

licensee's records, based either on book inventory or on data from a physical inventory, to NRC on DOE/NRC Form 742C. The requirement to report within 60 days of the ending date is a reasonable measure to ensure timeliness in receipt of inventory data by NRC in order to maintain material accountability under its statutory responsibility pursuant to the Atomic Energy Act to assure protection of the common defense and security. Moreover, the U.S.-IAEA Safeguards Agreements specifies that reports are to be submitted within 30 days following the physical inventory by licensees selected and reporting pursuant to 10 CFR Part 75 (section 75.35).

If licensees are not required to submit these reports, NRC will not be able to maintain material accountability under its statutory responsibilities of the Atomic Energy Act.

7. Circumstances which Justify Variation from the Office of Management and Budget (OMB) Guidance

Contrary to OMB guidelines in 5 CFR 1320.5(d), 10 CFR 75.35 requires submission of the report within 30 days or less. This requirement is necessary to satisfy the terms of the U.S.-IAEA Safeguards Agreements.

8. Consultations Outside of NRC

Opportunity for public comment on the information collection requirements for this clearance package was published in the Federal Register on July 28, 2023 (88 FR 48922). Four licensees, representing special nuclear materials in the fuel cycle industry were contacted by phone and email to provide feedback about the information collection. These licensees are the most frequent reporters to NMMSS and possess the most reportable material. No comments or responses were received in responses to these consultations.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of the Information

Confidential and proprietary information is protected in accordance with NRC regulations at 10 CFR 9.17(a) and 10 CFR 2.390(b).

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

The average annual burden for a licensee for the preparation and submission of DOE/NRC Form 742C data is estimated to be 4 hours. This time estimate includes reading the instructions for completing Form 742C (NUREG/BR- 0007), Revision 8 "Instructions for the Preparation and Distribution of Material Status Reports." It is estimated, based on NRC staff knowledge of the industry as well as submittals to NRC in recent years that 327 licensees will submit DOE/NRC Form 742C data each year, resulting in 327 reports being submitted annually. There are currently less than five

licensees who are required to report physical inventory bi-annually as described by Part 74.13. The total burden for submissions of the form by all licensees is 1,308 hours (327 reports x 4 hours/report). At \$290/hour, the cost to licensees would be \$379,320 (1,308 hours x \$290/hour).

The \$290 hourly rate used in the burden estimates is based on the Nuclear Regulatory Commission's fee for hourly rates as noted in 10 CFR 170.20, "Average cost per professional staff-hour." For more information on the basis of this rate, see the Revision of Fee Schedules; Fee Recovery for Fiscal Year 2022 (87 FR 37214, June 22, 2022).

13. Estimate of Other Additional Costs

There are no additional costs.

14. Estimated Annualized Cost to the Federal Government

The collected information is not submitted to the NRC. Licensees report directly to NMMSS. The data contained in the NMMSS is available to the NRC staff that uses it to perform their assigned job functions; however, the individual submissions are not reviewed by NRC staff. The NRC costs for all NMMSS operations are approximately \$1,900,000 per fiscal year. This is the NRC's contribution for the operations of the NMMSS to support the collection of Forms 740M, 741, 742, and 742C data, in addition to other data collections and operations.

The staff has developed estimates of annualized costs to the Federal Government related to the conduct of this collection of information. These estimates are based on staff experience and subject matter expertise and include the burden needed to review, analyze, and process the collected information and any relevant operational expenses.

15. Reasons for Change in Burden or Cost

The number of anticipated responses and associated burden has decreased by 58 responses from 385 to 327, and by 182 hours, from 1,490 to 1,308 hours. The number of respondents has decreased from 385 to approximately 327. This reduction is primarily attributable to a decrease in the number of licensees possessing reportable quantities of material within a material balance period. Specific license holders, as described by Part 74.13 may be required to report physical inventory bi-annually.

The method for calculating burden has changed from the previous clearance. Previously the total burden was the sum of the burden for larger licensees (6hr/response) and the burden for smaller licensees (2hrs/response). Since the determinations of larger and small licensees was subjective, NRC staff believes an average of 4 hours per response for all licensees better reflects the burden on the industry.

The cost per hour has increased from \$278 to \$290, based on an increase in the NRC's fee rate.

16. Publication for Statistical Use

None.

17. Reason for Not Displaying the Expiration Date

The expiration date is displayed on DOE/NRC Form 742C.

18. Exceptions to the Certification Statement

There are no exceptions.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods are not used in this collection of information.