United States
Department of Energy

Environmental Restoration Division
(Albuquerque, NM)

Guidance for Preparation of Reimbursement Claims under Title X of the Energy Policy Act

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The *Guidance for Preparation of Reimbursement Claims under Title X of the Energy Policy Act* provides guidance to licensees of active uranium and thorium processing sites on standards, concepts, and procedures relating to reimbursement of costs of remedial action under Title X of the Energy Policy Act. DOE encourages licensees to use these standards, concepts, and procedures as guidelines for producing, maintaining, and summarizing reasonable documentation in support of claims filed for reimbursement. However, licensees are not required to comply with the suggested concepts and methods discussed, as requirements governing cost reimbursement under Title X are set forth in 10 CFR Part 765, "Reimbursement of Costs of Remedial Action at Active Uranium and Thorium Processing Sites; Final Rule."

As set forth by 10 CFR Part 765, licensees are required to submit to DOE only summaries of both costs of remedial action and supporting documentation. DOE recommends that the licensee submit these cost and documentation summaries as part of all claims for reimbursement, following the general concepts described in this guidance document. It is not DOE's intent to require extensive and unnecessary efforts from the licensees. Therefore, licensees should organize and summarize costs and documentation in a manner consistent with individual accounting and documentation systems. Claims for reimbursement should be sent by registered or certified mail, return receipt requested, to James Coffey, U.S. Department of Energy, Environmental Restoration Division, 2155 Louisiana NE, Suite 10,000, Albuquerque NM, 87110. Questions regarding claims for reimbursement or any of the information set forth in this document should be addressed to Mr. Coffey at (505) 845-4026.

CHAPTER I: INTRODUCTION

From 1942 through 1970, the U.S. Army's Manhattan Engineer District/Atomic Energy Commission (AEC) entered into several contracts with commercially-operated mills to purchase uranium concentrate in support of U.S. defense programs. Due to the limited knowledge of the hazards created by the resulting milling-process waste, these contracts did not include provisions for managing and remediating these waste materials. Between 1975 and 1979, studies of the environmental impacts of uranium mill tailings were conducted, revealing potentially significant health hazards. As a result, in 1978, Congress enacted the Uranium Mill Tailings Radiation Control Act (UMTRCA). Under UMTRCA, the Nuclear Regulatory Commission (NRC) regulates the mill tailings and other byproduct material remaining at "active" processing sites (i.e., sites with active licensees under the Atomic Energy Act of 1954, hereafter referred to as the *Atomic Energy Act*, on or after January 1, 1978). The Atomic Energy Act provides the NRC and any Agreement State (pursuant to a discontinuance agreement with the NRC) with the authority to approve a plan for remediating an "active" site, as developed by the site licensee.

In 1979, the Department of Energy (DOE) and the General Accounting Office (GAO) reported to Congress that Federal assistance should be provided to the "active" site licensees to defray a portion of the costs to remediate mill tailings remaining at the sites. Title X of the Energy Policy Act of 1992, hereafter referred to as *Title X*, authorizes DOE to provide that Federal assistance. DOE, in turn, published 10 CFR Part 765, to establish the requirements and procedures under which it will implement the Title X cost reimbursement program. This guidance document serves as the primary source of implementation guidance for licensees of active uranium and thorium processing sites, hereafter referred to as *licensees*, on the Title X cost reimbursement program.

A. OVERVIEW

The *Guidance for Preparation of Reimbursement Claims under Title X of the Energy Policy Act*, hereafter referred to as the *guidance document*, addresses regulatory and accounting requirements, standards, and concepts which apply to the processes of documenting and filing claims for reimbursement of costs incurred to perform decontamination, decommissioning, reclamation, and other remedial action at "active" uranium and thorium processing sites, hereafter referred to as *costs of remedial action*. These requirements, standards, and concepts are directed at the licensees of the "active" sites, as identified by DOE in 10 CFR Part 765 and referenced in Appendix B of this guidance document.

In addition, this guidance document presents a detailed discussion of the cost reimbursement claim filing process, and provides sample or suggested methods for documenting costs of remedial action and preparing the claim package. Although this guidance document serves primarily as "guidance," licensees must ensure that their cost documentation and reimbursement claims comply with the requirements established by 10 CFR Part 765 and described in the guidance document.

1. Purpose and Scope

The purpose of this document is to establish consistent guidelines for licensees on submitting complete and accurate cost reimbursement claim packages; and to outline the related review and audit processes.

This guidance document was written to address uranium and thorium licensees eligible for reimbursement of costs of remedial action by the DOE under Title X and 10 CFR Part 765. The document is necessarily broad in scope due to the differences between various licensees' cost accounting systems and involvement in remediation activities. The primary focus of this document is to provide licensees with guidance on documenting costs of remedial action for cost reimbursement purposes. In addition, methods are suggested for maintaining cost documentation to facilitate claim processing.

2. Contents and Layout

This guidance document is divided into four chapters and four appendices. The contents of each chapter and appendix are as follows:

- *Chapter I, Introduction:* identifies the purpose, scope, contents, and layout of the guidance; discusses regulatory and accounting requirements, standards, and concepts; and defines the licensee's role in the cost reimbursement process.
- *Chapter II, Types of Costs:* describes major categories of reimbursable costs of remedial action; and provides guidance on and specific examples of reimbursable versus non-reimbursable costs within each category.
- *Chapter III, Cost Documentation and Recordkeeping:* identifies cost documentation and recordkeeping objectives and "best practices;" and suggests reasonable cost documentation to be maintained for each major category of costs of remedial action.
- *Chapter IV, Claim Filing:* outlines major steps in the claim filing process; defines the licensee's responsibilities during each step; describes the major components of the claim package; and discusses related review and audit processes.
- *Appendix A, Sample Claim Submittal:* provides brief discussions and samples of each major component of the cost reimbursement claim package.
- *Appendix B, Application of Federal Reimbursement Ratios:* lists Federal-related and total tailings for each licensee/site; and provides sample calculations of a Federal reimbursement ratio and the Federal-related portion of total costs of remedial action.
- *Appendix C, Sources for Further Reference:* provides a listing and brief descriptions of other sources of reference for the Title X cost reimbursement process and related issues.

- *Appendix D, Glossary of Terms*: provides a glossary of terms and acronyms used throughout this guidance document.

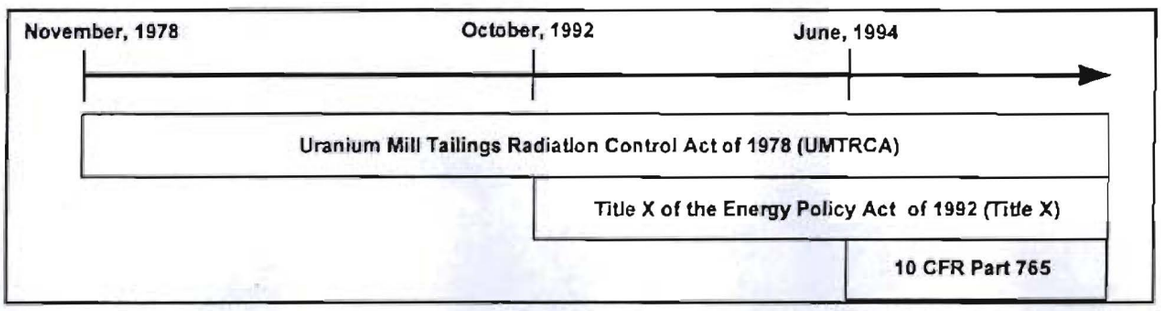
B. UNDERLYING REQUIREMENTS, STANDARDS, AND CONCEPTS

The concept of cost reimbursement under Title X is based on various underlying regulatory and cost documentation requirements, standards, and concepts. Reimbursement of costs by DOE is dependent upon compliance with regulatory requirements and the reasonableness of documentation maintained by the licensee in support of costs of remedial action. Various regulatory requirements govern the licensee's initial eligibility for reimbursement; financial management and accounting standards govern the extent to which the licensee is able to support claims for costs of remedial action.

1. Regulatory Requirements

The following legislation governs the eligibility of licensees for reimbursement of costs of remedial action. Exhibit I-1 below, provides a timeline of legislation governing the cost reimbursement process.

Exhibit I-1
Timeline of Legislation Governing Cost Reimbursement



a. Uranium Mill Tailings Radiation Control Act of 1978 (UMTRCA)

UMTRCA authorizes DOE to undertake remedial action at "inactive" sites and vicinity properties contaminated with residual radioactive material generated at the site; and authorizes the NRC to regulate byproduct material generated during processing at "active" sites throughout production, remedial action, and disposal.

b. Title X of the Energy Policy Act of 1992 (Title X)

Title X requires DOE to reimburse licensees for costs of remedial action which are necessary to comply with UMTRCA or, where appropriate, with relevant Agreement State requirements, which are

determined to be attributable to byproduct material generated as an incident of sales to the United States Government.

c. 10 CFR Part 765, Reimbursement of Costs of Remedial Action at Active Uranium and Thorium Processing Sites; Final Rule

10 CFR Part 765 sets forth the procedures under which DOE will implement the reimbursement program under Title X. This section of the guidance document defines the major concepts outlined in 10 CFR Part 765 which address remedial action cost reimbursement.

- *Reimbursable Costs*: Reimbursable costs comprise that portion of costs of remedial action incurred by the licensee and (1) attributable to byproduct material generated as an incident of sales to the United States, (2) incurred to comply with applicable requirements of UMTRCA or Agreement State requirements, and (3) incurred prior to December 31, 2002 or in accordance with a plan for subsequent remedial action approved by DOE. See Chapter II of this guidance document, "Types of Costs," for further discussion and definition of reimbursable costs.

- *Federal Reimbursement Ratios*: Reimbursable costs are to be calculated using Federal reimbursement ratios for each active uranium or thorium processing site. These Federal reimbursement ratios will be based on the ratio of Federal-related dry short tons of tailings to total dry short tons of tailings, unless a licensee is able to demonstrate to the satisfaction of DOE an alternative approach that is more accurate than the tonnage-based approach in delineating the Federal share. See Appendix B of this guidance document for additional information on Federal reimbursement ratios.

- *Reimbursement Limitations*: The following limitations are set forth regarding costs of remedial action:

  - Reimbursement is only allowable for remedial action efforts necessary to comply with UMTRCA or Agreement State requirements.

  - Costs must be incurred prior to December 31, 2002; or in accordance with a plan for subsequent remedial action approved by DOE.

  - Reimbursement to a uranium licensee shall not exceed $5.50 multiplied by the number of dry short tons of Federal-related tailings (adjusted for inflation) present at the site as of October 24, 1992.

  - Total reimbursement to all uranium licensees shall not exceed $270 million; $40 million for the thorium licensee (adjusted for inflation).

- *Reimbursement Claims*: The following requirements govern filing of claims for reimbursement of costs of remedial action:

  - Claims shall be supported by reasonable cost documentation, as specified by DOE in this guidance.

  - The NRC/Agreement State approved reclamation plan or other written authorization shall be submitted with the first claim; revised or modified plans shall be submitted with subsequent claims.

  - Each claim shall provide a summary of the costs of remedial action being claimed, and a summary of the documentation available to support the claim. (DOE's suggested format for preparing reimbursement claim packages is described in more detail in Chapter IV and Appendix A of this guidance document.)

  - Supporting documentation shall be cross-referenced to the licensee's approved reclamation plan or other written authorization and shall be accessible to DOE. Contemporaneous documentation should be used to support claims when available. (Cost documentation and recordkeeping procedures recommended by DOE are discussed in Chapter III of this guidance document.)

  - DOE may audit a licensee's remedial action cost documentation, on a case-by-case basis, prior to approving a reimbursement claim. (See section IV.C. of this document for guidance on audit requirements and procedures developed by DOE.)

  - Generally Accepted Accounting Principles (GAAP) shall be followed in preparing cost reimbursement claims. (See section B.2.b. of this chapter for further discussion of GAAP.)

  - Claims shall include certification by the licensee that work was performed as described in an approved reclamation plan or other written authorization, and that cost documentation supporting the claim is complete, accurate, and true.

- *Appeals Process*: A licensee wishing to contest a determination made by DOE may file an appeal with DOE's Office of Hearings and Appeals. Appeals must be made within 45 days of receiving notice of a determination by DOE.

2. Financial Management and Accounting Standards

The following financial management and accounting standards and objectives are essential to expediting the cost reimbursement process.

a. Financial Management Systems

To provide reasonable support of costs of remedial action claimed for reimbursement, and to facilitate the reimbursement process, it is important that the licensee maintain documentation that is both accurate and complete, as follows:

- *Maintain Accurate Cost Information*: The licensee should ensure that only costs attributable to remediation activities are charged to remediation projects, activities, or cost centers. This will help to ensure that costs claimed can be traced back to an approved reclamation plan or other written authorization and therefore, are reimbursable under Title X. The licensee should maintain costs in such a manner as to allow it to isolate and deduct those costs which DOE determines to be non-reimbursable. (See Chapter II, Section D for guidance on non-reimbursable costs.)

- *Maintain Complete Cost Information*: The licensee should ensure that all costs of remedial action are recorded and charged to the appropriate remediation projects, activities, or cost centers. This will help to ensure that the licensee receives reimbursement for all reasonable and acceptable costs of remedial action.

DOE recognizes that not all licensees' accounting systems and financial management processes are the same. Different licensees' systems may have different capabilities. However, each licensee should have some financial management controls in place which ensure the accuracy and completeness of accounting information. During potential audits of cost reimbursement claims, overall financial management controls will be evaluated along with actual cost documentation. Therefore, each licensee should evaluate its current systems to ensure that adequate controls are in place to meet cost reimbursement needs.

b. Accounting Standards and Principles

10 CFR Part 765 indicates that licensees should comply with GAAP in preparing and supporting cost reimbursement claims. Compliance with GAAP would help to ensure:

- Accurate recording of direct costs
- Fair and acceptable allocation of indirect costs.

Definitions of direct and indirect costs as they apply to remediation efforts can be found in Chapter II of this guidance document under section A, "Types of Costs of Remedial Action."

The following principles and standards addressed in GAAP provide reasonable assurance as to the accuracy of the licensee's cost accounting records:

- *Reliability*: Information is reasonably free from error or bias and represents faithfully what it is intended to represent. Reliability comprises the three factors discussed below: verifiability, neutrality, and representational faithfulness.

- *Verifiability*: Information is determined objectively and can be verified by other accountants using the same methods of measurement (i.e., use of standard procedures, methodologies).

- *Neutrality*: Information is reported in an unbiased manner (i.e., use of standard reporting formats).

- *Representational faithfulness*: Information represents faithfully the activities or results being measured (i.e., use of objective reporting methods).

- *Completeness*: Reported information includes everything that is material and necessary to represent faithfully all relevant activities.

- *Consistency and Comparability*: Accounting methodologies are used consistently from one period to the next, thus facilitating comparison of two or more periods.

- *Matching Principle*: Costs are realized within a reasonable period of time, based on a correlation between the costs and the benefits derived (benefits being defined as progress made toward completion of remedial activities). In other words, costs are documented as close as possible to the time at which they are incurred and remedial activities are completed.

c. Documentation Standards

It is critical that the cost documentation supporting a licensee's claim for reimbursement demonstrates clearly the costs of remedial action incurred. Achieving the following primary objectives will help to ensure that the licensee's documentation will be found to be reasonable during financial and technical audits:

- Cost documentation should demonstrate clearly that funds were spent

- Cost documentation should demonstrate clearly on what the funds were spent (i.e., cross-reference to approved remediation activities).

To achieve these objectives, the licensee's cost documentation should demonstrate the following:

- The work or purchase was *authorized* by the licensee (e.g., documentation of supervisory approval such as signatures on work or purchase orders)

- The work or purchase was *completed* (e.g., time sheets or cards, or progress reports)

- The licensee was *billed* for the work or purchase (e.g., contractor or vendor invoices)

- The licensee actually *paid* for the work or purchase (e.g., records of payment dates, amounts, and check numbers).

These four points are key factors that will be evaluated during financial audits. In addition, the second point (i.e., work or purchase was *completed*) will be a key factor during technical audits of claims for reimbursement. Therefore, it is essential that the licensee maintain documentation supporting claims for reimbursement which demonstrates these points. In addition, DOE will evaluate whether the licensee's documentation demonstrates a link between remediation costs and activities required under an NRC- or Agreement State-approved reclamation plan or other written authorization.

3. Licensee's Role in Cost Reimbursement

The licensee should have a firm understanding of its roles and responsibilities during the cost reimbursement process, as follows:

- *Maintenance of Effective Financial Management Systems*: The licensee should maintain financial management systems which adhere to the cost accounting and documentation standards discussed above.

- *Preparation and Submission of Cost Reimbursement Claims*: The licensee should submit claims for reimbursement in the manner discussed in section IV.B. of this guidance document.

- *Satisfaction of the Burden of Proof*: The burden of proof in the cost reimbursement process is on the licensee. It is important that the licensee's cost documentation demonstrates that:

  - Remediation activities for which reimbursement is claimed were required by an approved reclamation plan or other written authorization.*

  - Costs are reasonable and acceptable as specified by DOE in this guidance document.

  - Costs claimed represent the Federal portion of total costs of remedial action incurred.

These responsibilities are discussed further throughout the remainder of this document.

* It is recognized that licensees may not have a final approved reclamation plan prior to submittal of claims for reimbursement. However, costs for which reimbursement is claimed must still be for activities necessary to comply with the requirements of UMTRCA. Throughout the remainder of the document the phrase "activities in a reclamation plan or other written authorization" will be used to denote activities required under an approved reclamation plan or other written authorization, as well as activities required to comply with UMTRCA for which a final plan has not yet been approved.

CHAPTER II: TYPES OF COSTS

This chapter identifies seven major categories of costs which may be reimbursed under the Title X Cost Reimbursement Program. The purpose of this chapter is to provide guidance on acceptable methods of charging costs to remediation projects, activities, and cost centers; and on classifying costs into the defined cost categories for reimbursement claim filing purposes. Although the seven categories have been structured to encompass all possible types of costs of remedial action, DOE recognizes that the licensee's cost categories may differ from those identified below. Each licensee should use the cost categories applicable to their individual accounting systems.

A. TYPES OF COSTS OF REMEDIAL ACTION

Licensees may include both direct and indirect costs of remedial action in claims for reimbursement:

- *Direct costs*: Expenses that can be directly attributed to remediation efforts, and therefore, are charged directly to remediation projects, activities, or cost centers.

- *Indirect costs*: Expenses that support remedial activities but are not directly assignable to the remediation efforts' end product or process, or that represent costs of operations not directly related or attributable to remediation efforts; and therefore, cannot be charged directly to specific remediation projects, activities, or cost centers.

To expedite review and audit of claims for reimbursement, the licensee should charge costs of remedial action directly to specific projects, activities, or cost centers whenever possible, and should link such costs to specific activities required under a reclamation plan or other written authorization. Licensee managers should determine whether reimbursable costs should be accounted for and documented as direct charges, or included in an indirect or overhead cost pool to be allocated among various activities utilizing a generally accepted method of allocation. The licensee should always ensure that costs which are charged directly to remediation projects, activities, or costs centers are not also allocated to those projects, activities, or costs centers, as this would result in duplication of costs.

In addition, the licensee should ensure that direct charging of costs to remediation projects, activities, or cost centers is consistent with the nature of the costs (i.e., the licensee should not charge inherently indirect costs as direct costs). For example, costs of printing corporate materials for a specific office should not be charged directly to reclamation even if that office solely supports reclamation efforts, because the nature of the cost is inherently indirect and has non-reclamation related benefits.

B. GUIDANCE ON CHARGING COSTS OF REMEDIAL ACTION

Seven major categories of costs of remedial action are defined in this section of the guidance document, as follows:

- Direct Labor
- Travel
- Materials and Supplies

- Equipment
- Contractor Services
- Other Direct
- Overhead.

In addition to defining these categories, this section provides guidance on methods of charging costs within each category to appropriate remedial action projects, activities, or cost centers; and gives examples of specific types of costs or charges which are eligible for reimbursement by DOE under Title X. This section is intended only to provide the licensee with *guidelines* for charging and classifying costs of remedial action. The licensee should follow the concepts outlined in this section, but may structure its cost categories to match the licensee's current accounting and recordkeeping systems. It is not DOE's intent to require extensive and unnecessary efforts from the licensee in preparing a claim for reimbursement. Further guidance on the cost records which should be maintained to support costs in each category is provided in Chapter III of this guidance document, "Cost Documentation and Recordkeeping."

1. Direct Labor

The Direct Labor cost category includes salary and benefit expenses charged directly to remediation projects, activities, or cost centers. Direct labor charges may include compensation for hours worked and related benefit distributions. Salary expense which is included in an indirect cost pool and allocated among various projects, activities, or cost centers should not be charged under direct labor, as this would result in duplicate charging of labor costs. It is important that direct labor costs be easily traceable to activities required under a reclamation plan or other written authorization.

2. Travel

The Travel cost category includes costs of auto, rail, or air transportation; meals; and lodging, which are incurred to support remediation activities. These expenses may be direct or indirect in nature. Regardless of whether travel costs are direct or indirect in nature, travel vouchers and employee time or attendance records should correspond; and travel costs should be traceable to remedial activities in a reclamation plan or other written authorization.

a. Direct Travel

Costs incurred for travel which supports exclusively remediation activities should be directly charged to the appropriate remediation project, activity, or cost center.

b. Indirect Travel

Costs of travel which support both remediation and non-remediation activities should be allocated between the remediation projects, activities, or cost centers and the non-remediation projects, activities, or cost centers which the travel supports. This allocation should be based on a defensible methodology such as the amount of time spent conducting activities which support each project, activity, or cost center. For instance, if travel expenses were incurred over a three-day period, and

one full day was spent conducting remediation activities, one-third of the travel voucher might be allocated to the appropriate remediation project, activity, or cost center.

3. Materials and Supplies

The Materials and Supplies cost category includes the cost of materials and supplies which are purchased for use during remediation activities. This category may include costs of materials used to perform actual remedial work (e.g., cover materials, piping, and fuel), as well as costs of supplies used to support activities associated with the actual cleanup process (e.g., computer equipment and office supplies needed to manage on-site office work). These costs may be charged directly to remediation projects, activities, or cost centers; or may be allocated between remediation and non-remediation projects, activities, or cost centers, depending on the nature of the benefit derived from the activities conducted. The licensee should ensure that cost documentation and recordkeeping systems provide for reasonable materials and supplies charges, as described below.

a. Direct Materials and Supplies

Materials and supplies purchased solely for use during remedial activities should be charged directly to remediation projects, activities, or cost centers. These materials and supplies should be easily traceable to some remedial activity required under a reclamation plan or other written authorization.

b. Indirect Materials and Supplies

Materials and supplies purchased for use on both remediation and non-remediation activities should be allocated between the remediation projects, activities, or cost centers; and the non-remediation projects, activities, or cost centers which the materials and supplies supported. This allocation should be based on a defensible methodology. For example, allocation of these expenses may be made based on percentage use or may be performed by calculating and charging an appropriate usage rate. Guidance on usage rates is included in section C, below.

4. Equipment

The Equipment cost category may include costs within one or more of the following five general categories:

- Equipment Purchase
- Depreciation
- Equipment Lease
- Equipment Usage
- Contractor Provided.

It is recommended that the licensee follow the policies regarding each of these five categories outlined in the following sections. However, the licensee should ensure that particular equipment costs are not charged under more than one method, as this would result in duplicate costs. In addition, it is crucial that all types of equipment charges be traceable to some remedial activity required under a reclamation plan or other written authorization.

a. Equipment Purchase

If equipment costing less than $5,000 is purchased solely for use during remediation activities, the purchase cost may be charged directly to a remediation project, activity, or cost center. Conversely, if equipment costing $5,000 or more is purchased for exclusive use on remediation activities, the cost of the equipment cannot be charged directly to remediation projects, activities, or cost centers. In the latter case, the licensee should capitalize the equipment, charging depreciation costs to the applicable remediation projects, activities, or cost centers as described under *Depreciation*. If any equipment purchased is utilized for non-remediation activities as well, a usage charge should be applied, as described under *Equipment Usage* below.

b. Depreciation

Depreciation expense may be charged directly to a remediation project, activity, or cost center in any of the following three situations:

- The equipment was purchased solely for use during remediation activities.
- The equipment was purchased prior to beginning remediation activities, and was subsequently transferred for sole use during remediation activities. In this case, depreciation expense incurred after transferring the equipment to a remediation project or activity can be charged directly to the appropriate remediation project, activity, or cost center.
- The equipment was utilized for both remedial and non-remedial activities during the same period. The licensee should first determine the total depreciation expense for the item in question for the current period. Next, the licensee should determine the percentage of use on remediation versus non-remediation projects or activities (e.g., percentage of hours or days used on each project or activity, based on time or attendance records or equipment log books). To determine the amount to be charged to the remediation project, activity, or cost center, this percentage should then be applied to the total calculated depreciation expense.

Depreciation should not be charged directly or indirectly to remedial projects, activities, or cost centers for periods of a month or more during which the equipment remains completely idle. For instance, if a dump truck is being utilized on remediation activities, but remains idle during the entire month of June, depreciation of the dump truck should not be charged during June, either directly or as part of overhead costs. Depreciation also should not be charged for equipment which has been fully depreciated or fully costed, regardless of whether the depreciation or costing occurred during the conduct of reimbursable or non-reimbursable activities. The licensee should always utilize a method for calculating depreciation which complies with GAAP, and should document the method utilized, and the date of transfer of the equipment to a remediation project or activity, as applicable.

c. Equipment Lease

If equipment is leased solely for use during remediation activities, the lease payments may be charged directly to a remediation project, activity, or cost center. If the leased equipment is utilized on non-remediation activities as well, a usage charge should be applied, as described below, in section C.

d. Equipment Usage

If purchased or leased equipment is used for both remediation and non-remediation activities, equipment costs should be allocated between the remediation projects, activities, or cost centers and the non-remediation projects, activities, or cost centers for which the equipment was utilized. This allocation should be performed by calculating and charging an appropriate usage rate, as discussed in section C, below.

e. Contractor Provided

If a contractor provides the equipment utilized during remediation activities, and the equipment costs are paid by the licensee as part of a contractor invoice, the procedures described below in section 5, "Contractor Services," apply.

5. Contractor Services

The Contractor Services cost category may include any or all of the types of costs described in this chapter. These costs are charged directly to remediation projects, activities, or cost centers by charging the amount of any "reimbursable costs" included in contractor invoices paid by the licensee. Contractor invoice costs are "reimbursable" under Title X provided the work performed by the contractor meets the criteria discussed in section B.1.b. of Chapter I (i.e., costs incurred are for activities required under a reclamation plan or other written authorization). Documentation of contractor costs should demonstrate clearly that these criteria were met.

6. Other Direct

The Other Direct cost category includes all direct costs of remedial activities not included in the specific categories listed above. Other direct costs may include such items as rent, utilities, taxes, and permit costs. These charges should be made directly to the appropriate remediation projects, activities, or cost centers; provided the items benefit exclusively remediation activities. The cost of these items should be clearly traceable to some remediation activity required under a reclamation plan or other written authorization.

7. Overhead

The Overhead cost category may include costs of any items or services which benefit remediation activities, but whose benefit can not be directly traced to specific remediation projects, activities, or cost centers. Overhead costs may include such items as salaries of staff performing duties which indirectly benefit remedial activities, such as administrative, headquarters, and accounting staff salaries. It also may include costs such as utilities, taxes, and training costs, if those costs are not

directly tracked and charged to a remediation project, activity, or cost center. All costs included in overhead charges to remediation projects, activities, or cost centers must be clearly identified and described in the licensee's overhead cost documentation. Overhead costs also must meet the criteria discussed in section B.1.b. of Chapter I (i.e., costs incurred are for activities required under a reclamation plan or other written authorization). In addition, the method used to apply overhead to a remediation project, activity, or cost center must comply with GAAP and must be documented clearly.

C. GUIDANCE ON CHARGING USAGE RATES

In situations where costs benefit remediation activities, but can not be directly tracked and charged to remediation projects, activities, or cost centers, it is appropriate for the licensee to determine and charge a usage rate. It is important to note that the licensee should weigh the effort required to utilize this method against the cost involved. For instance, it would not be cost effective to allocate the cost of an adding machine based on hours used, because the effort required to perform the allocation would outweigh the cost that might be recovered. In addition, the licensee should always ensure that allocated costs can be traced easily to some project or activity required under a reclamation plan or other written authorization. This section provides guidance on utilizing usage rates to allocate costs of materials and supplies, as well as costs of equipment.

1. Materials and Supplies

In situations where costs of materials and supplies are being allocated between two or more projects, activities, or cost centers, the allocation should be based on the relative usage of the materials and supplies for activities supporting each project, activity, or cost center. This usage should be determined as follows:

- *For Inventoried Items (such as paper or computer discs)*: Usage should be charged based on the number of items (or packages of items) utilized for each project, activity, or cost center, during the reporting period. The licensee should first calculate the decrease in inventory of the item in question, from beginning to end of the reporting period. Then, the amount of the decrease in items should be multiplied by a pre-determined cost per item. The resulting amount should then be charged to the appropriate remediation project, activity, or cost center.

- *For Property Items (such as computers or sampling devices)*: Costs should be charged based on a defensible methodology such as hourly usage or some other unit of work. The licensee could first determine the estimated life and value of the property item (e.g., based on purchase price), and use this information to determine an hourly usage rate. Next, usage of the item could be tracked during the normal course of business (e.g., utilizing time or attendance records, or number of samples). Finally, the pre-determined usage rate could be applied to the tracked usage to calculate the cost to be charged to remediation.

In either case, the methodology used should comply with GAAP, and be applied consistently and documented clearly.

2. Equipment

Where equipment costs are being allocated between two or more projects, activities, or cost centers, the allocation should be based on the relative usage of the equipment required to conduct the activities which support each project, activity, or cost center. First, an equipment usage rate should be determined, based on the estimated life and purchase price of the equipment. Next, use of the equipment should be carefully tracked and documented for each remediation project, activity, or cost center. Finally, the pre-determined rate should be applied to the usage tracked for each remediation project, activity, or cost center to determine the total remediation-related equipment cost. This cost may then be charged directly to the appropriate remediation project, activity, or cost center. Methods of establishing rates and tracking usage should comply with GAAP, and be applied consistently and documented clearly.

D. REIMBURSABLE VS. NON-REIMBURSABLE COSTS

Although a licensee may request reimbursement for costs within any of the seven categories, not all costs within each category will be reimbursable under Title X. Reimbursable vs. non-reimbursable costs are defined as follows:

- *Reimbursable Costs*: Costs that are incurred to perform activities in a reclamation plan or other written authorization pursuant to UMTRCA and/or Agreement State requirements.

- *Non-Reimbursable Costs*: Costs incurred to perform activities which are not included in a reclamation plan or other written authorization pursuant to UMTRCA and/or Agreement State requirements, even though they may be legitimate costs of doing business. For example, although sponsoring a 'going-away' lunch or party for an employee is a standard business practice, this function is not required to perform reclamation activities; therefore, costs associated with this function are not reimbursable. Exhibit II-1 provides examples of costs which DOE has determined to be non-reimbursable.

Various costs may be either reimbursable or non-reimbursable, depending on the situation. The licensee should make determinations as to whether or not specific costs should be claimed for reimbursement on a case-by-case basis, as appropriate and feasible. For example, salaries of staff who perform remediation-related duties are generally reimbursable as direct labor costs. However, depending on the specific nature of the duties performed by those staff members, DOE may determine that certain labor costs included in claims for reimbursement should not be approved. For instance, assume that John Doe works in an office which supports remediation activities exclusively, and is an hourly employee. Likewise, assume John Doe attends an annual company picnic. The cost associated with the hours spent attending the picnic would not be appropriate for inclusion in a claim for reimbursement, because those costs are not necessary to conduct remediation activities and therefore, are not reimbursable. If John Doe were a salaried employee, his salary would be reimbursable, but not the time spent attending the picnic (i.e., the time spent attending the picnic should not be part of the requisite number of hours (e.g., 40 per week) required to earn that salary).

Exhibit II-1 is intended to provide selected examples only; it is not intended to be an all-inclusive list. DOE will make further determinations regarding non-reimbursable costs as additional claims are submitted and reviewed, and additional types of costs are identified. Such decisions will be made on a case-by-case basis, and will be applied to all licensees consistently upon a DOE policy decision regarding specific costs.

Exhibit II-1
Examples of Non-Reimbursable Costs

- Employee bonuses
- Time charged to attend corporate-related training
- Costs of commuting between residence and the work site
- Personal travel expenses (e.g., costs of extending work-related travel for personal reasons)
- Fuel used for personal vehicle use
- Cost of personal office supplies (e.g., plants, calendars)
- Charges for fully depreciated or fully costed equipment
- Costs of operating equipment for non-remediation purposes
- Cost of independent audits conducted for corporate purposes
- Costs of printing corporate-required documents (e.g., periodic financial reports submitted to corporate headquarters)
- Fees for membership in professional organizations, if the licensee cannot demonstrate a link between membership and qualifications for performing reclamation work
- Entertainment expenses
- Salaries of corporate officers not supporting remediation efforts
- Costs of legal activities which are not necessary to comply with UMTRCA or Agreement State requirements
- Costs for which the licensee previously received reimbursement from DOE
- Direct charges for equipment in excess of $5,000
- Employee relations costs such as employee luncheons, cash awards, donations, athletic or other personal club fees, and gifts
- Fines or penalties for violation of environmental or other laws and regulations

CHAPTER III: COST DOCUMENTATION AND RECORDKEEPING

Accurate and complete documentation of activities and costs requires use and maintenance of effective cost documentation and recordkeeping systems. This chapter defines primary recordkeeping objectives and "best practices," and suggests methods of summarizing and organizing the remediation cost documentation maintained at the licensee's site, and used to support claims for reimbursement.

A. RECORDKEEPING OBJECTIVES

To ensure the effectiveness of cost documentation and recordkeeping systems, licensees should evaluate whether their systems achieve the following recordkeeping objectives:

- Maintain complete cost documentation of remediation activities
- Follow applicable documentation standards
- Ensure timely access to remediation cost documentation.

Each of these objectives, as well as the impact of meeting these objectives in order to expedite the reimbursement process, is described below.

1. Maintain Complete Cost Documentation of Remedial Activities

Records of costs of remedial action must be complete to ensure that all claims are supported by reasonable documentation, as defined in Appendix D of this guidance, and are traceable to an NRC- or Agreement State-approved reclamation plan or other written authorization. In other words, the licensee should maintain whatever documentation is necessary to provide a clear trail from the cost incurred to an activity required under the approved reclamation plan or other written authorization. DOE will only reimburse those costs which are supported by reasonable documentation, as specified below. In accordance with 10 CFR Part 765, documentation relied upon by a licensee in support of a claim for reimbursement shall be retained by the licensee until four years after final payment of a claim is made by DOE.

2. Follow Applicable Documentation Standards

Licensees should ensure that the documentation upon which a claim is based meets DOE's definition of "reasonable" documentation, as described throughout this guidance. Under 10 CFR Part 765, licensees are requested to comply with GAAP in preparing claims for reimbursement. Audits of claims for reimbursement will determine whether or not GAAP was followed in documenting the costs of remedial action being claimed.

3. Ensure Timely Access to Remediation Cost Documentation

Licensees should ensure timely access to remediation cost documentation. This will allow licensees to prepare and submit claims in a more timely and less costly manner, thus increasing potentially the benefit received through the Title X reimbursement process. In addition, timely access to cost documentation will facilitate formal audit processes, thereby expediting claim reimbursement.

B. COST DOCUMENTATION AND RECORDKEEPING GUIDANCE

The following sections provide guidance on methods of maintaining and organizing documentation of costs of remedial action. These sections provide suggested documentation and recordkeeping practices specific to each of the seven cost categories defined in Chapter II, "Types of Costs." Although these sections serve as guidance only, utilization of the procedures suggested or similar recordkeeping methods would help to ensure that the cost documentation maintained at the licensee's site is found to be reasonable and acceptable to DOE. Exhibit III-1 illustrates the types and level of documentation which DOE suggests that the licensee maintain to support costs of remedial action claimed for reimbursement.

In addition to the other recordkeeping requirements described below, it is critical that the licensee maintain documentation that demonstrates a link between costs claimed for reimbursement and remediation activities required under a reclamation plan or other written authorization. Licensees are required to identify the costs of remedial action associated with each major activity or requirement established by the reclamation plan or other written authorization.

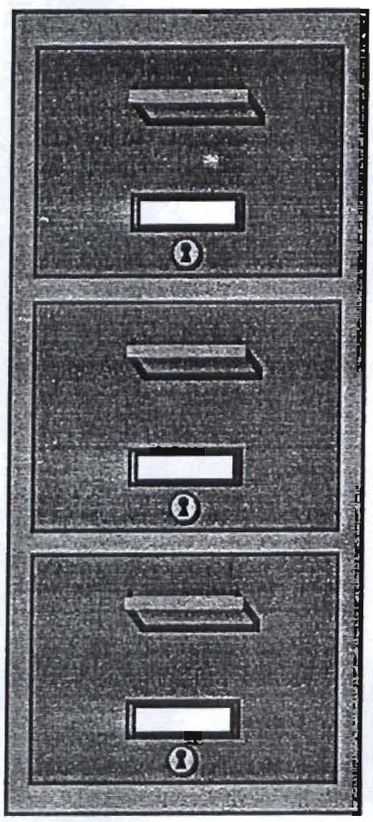
1. Direct Labor

The licensee should maintain records of time or attendance of staff performing remediation-related activities. This documentation should include timesheets or timecards; records of staff positions and salaries; worksheets demonstrating calculation of fringe benefit charges, if the licensee's accounting system does not calculate fringe benefit charges automatically; a description of the methodology used for allocating fringe benefits to remediation projects, activities, or cost centers; and documentation demonstrating that costs charged to remediation were incurred to perform activities required under a reclamation plan or other written authorization.

2. Travel

The licensee should maintain records of travel expenses incurred by employees performing remediation-related activities. Travel expense records should include documentation of the purpose of the trip, including authorization by the appropriate manager or supervisor; travel vouchers submitted by employees showing travel dates, starting point and destination, method of transportation, and names of the persons traveling; receipts for major travel costs (e.g., hotel, airline tickets) incurred by employees; proof of payment of travel vouchers; and documentation demonstrating that costs charged to remediation projects, activities, or cost centers were incurred to perform activities required under a reclamation plan or other written authorization. Travel expense records should correlate to time or attendance records for the same period. For instance, if John Doe is on travel between August 3 and August 5 to conduct activities related to Project X, John Doe's timesheet should show time charged to Project X for August 3-5.

Exhibit III-1
Sample Documentation of Costs of Remedial Action



Direct Labor

- Time and attendance records
- Position titles of staff
- Salaries of staff (annual or hourly rate)
- Methodology for allocating fringe benefits
- Fringe benefit worksheets
- Link to reclamation plan or other written authorization

Overhead

- Types of costs included in overhead
- Authorization of goods or services (e.g., purchase or work orders)
- Receipt of goods or services (e.g., invoices or receiving reports)
- Cost of goods or services (e.g., invoices or receipts)
- Payment for goods or services (e.g., receipts or cancelled checks)
- Overhead methodology and worksheets
- Link to reclamation plan or other written authorization

Travel

- Authorization (including purpose of trip)
- Vouchers showing: starting point and destination, transportation method, number and names of travelers, dates
- Receipts for major costs (airline, hotel, etc.)
- Proof of payment
- Basis for allocation of costs (for indirect travel)
- Link to reclamation plan or other written authorization

Other Direct

- Authorization of goods or services (e.g., purchase or work orders)
- Receipt of goods or services (e.g., invoices or receiving reports)
- Cost of goods or services (e.g., invoices or receipts)
- Payment for goods or services (e.g., receipts or cancelled checks)
- Link to reclamation plan or other written authorization

Materials & Supplies

- Type(s) of materials and supplies purchased
- Purchase orders, invoices, and receiving reports
- "Usage rate" methodology and calculations
- Records of use
- Proof of payment
- Basis for allocation of costs (for indirect materials and supplies)
- Link to reclamation plan or other written authorization

Contractor Services

- Contract documents
- Work orders and change orders
- Periodic progress reports
- Approved contractor invoices
- Proof of payment
- Licensee audits of contractors
- Basis for allocation of costs (for indirect contractor costs)
- Link to reclamation plan or other written authorization

Equipment

- Type(s) of equipment purchased
- Purchase orders, invoices, and receiving reports
- Depreciation methodology and worksheets
- Records of accumulated depreciation
- Lease agreements and bills
- "Usage rate" methodology and calculations
- Records of use
- Contractor documents
- Proof of payment
- Link to reclamation plan or other written authorization

In cases where travel expenses are incurred to support both remedial and non-remedial activities, the licensee should, at a minimum, maintain *copies* of the documentation described in the preceding paragraph to support the portion of costs charged to remediation projects, activities, or cost centers, as well as documentation of the basis for allocating travel expenses between applicable projects, activities, or cost centers.

3. Materials and Supplies

The licensee should maintain records of materials and supplies purchased or used during remediation activities. Documentation of costs of materials and supplies should include a record of materials and supplies purchased for use during remedial activities; purchase orders, invoices, and receiving reports; contractor invoices, if applicable; usage records, including methodologies for calculating usage rates and documentation of the amount of materials or supplies used (e.g., inventory records, or time or attendance records) if applicable; proof of payment; and documentation demonstrating that costs charged to remediation were incurred to perform activities required under a reclamation plan or other written authorization.

In cases where materials and supplies are purchased or used for both remedial and non-remedial activities, the licensee should, at a minimum, maintain *copies* of the documentation described in the preceding paragraph to support costs charged to remediation projects, activities, or cost centers; as well as documentation of the basis for allocating costs of materials and supplies between applicable projects, activities, or cost centers.

4. Equipment

The licensee should maintain records of equipment costs incurred in support of remediation-related activities. Equipment cost records will vary depending on the nature of the costs incurred (e.g., equipment purchase, depreciation, equipment lease, equipment usage, or contractor provided), as described in this section. For each category of equipment cost described, however, the licensee should maintain documentation demonstrating that equipment costs charged to remediation projects, activities, or cost centers were incurred to perform activities required under a reclamation plan or other written authorization.

a. Equipment Purchase

If equipment is purchased solely for use during remedial activities, and equipment purchases were charged directly to a remediation project, activity, or cost center, cost records should include a record of all equipment purchased; purchase orders, invoices, and receiving reports; and proof of payment. Documentation should demonstrate clearly that the cost of any equipment charged directly to remediation projects, activities, or cost centers is less than $5,000. If equipment depreciation charges are made to remediation projects, activities, or cost centers; the licensee should refer to section b, "Depreciation." If the equipment purchased is utilized for both remedial and non-remedial activities, the licensee should refer to section d, "Equipment Usage."

b. **Depreciation**

If equipment is used to perform remediation activities, and equipment depreciation charges are appropriately made to remediation projects, activities, or cost centers, cost records should include a record of all equipment purchased; purchase orders, invoices, and receiving reports; proof of payment; methodology and worksheets used to calculate depreciation charges; and records of accumulated depreciation.

c. **Equipment Lease**

If equipment is leased solely for use during remedial activities, cost records should include lease agreements, lease bills, and proof of payment. If leased equipment was used for both remedial and non-remedial activities, licensees should refer to section d, "Equipment Usage."

d. **Equipment Usage**

If purchased or leased equipment is used for both remediation and non-remediation activities, equipment usage charges should be made to both the remediation projects, activities, or cost centers, and the non-remediation projects, activities, or cost centers for which the equipment was utilized. Cost records should include "Equipment Purchase" or "Equipment Lease" records, as described above; methodology and worksheets used to calculate equipment usage rates; and records of equipment use for each applicable remediation project, activity, or cost center.

e. **Contractor Provided**

If a contractor provides the equipment utilized during remedial activities, cost records should include contract documents, contractor invoices, and proof of payment as described under "Contractor Services" below.

5. **Contractor Services**

The licensee should maintain records of payments made to contractors for goods or services obtained to further remediation efforts. Records of contractor costs should include contract documents; work orders; periodic (e.g., monthly) progress reports; reports of any contract audits conducted; approved contractor invoices; proof of payment; and documentation demonstrating that the goods or services received were utilized to perform activities required under a reclamation plan or other written authorization.

In cases where contractor goods or services are obtained in support of both remedial and non-remedial activities, the licensee should, at a minimum, maintain *copies* of the documentation described in the preceding paragraph to support costs charged to remediation projects, activities, or cost centers, as well as documentation of the methodology and worksheets used to allocate contractor costs between the applicable projects, activities, or cost centers.

6. Other Direct

The licensee also should maintain records of direct expenses incurred in support of remediation activities which do not fall under the categories listed above. As stated in Chapter II, section B.6., other direct costs may include such items as rent, utilities, taxes, and permit costs. The cost records maintained for each type of expense will vary depending on the nature of the expense. In general, records should be maintained that document the following:

- Authorization of goods or services obtained (e.g., signed purchase or work orders)
- Receipt of goods or services by the licensee (e.g., invoices or receiving reports)
- Cost of goods or services received (e.g., invoices or receipts)
- Payment by the licensee for goods or services received (e.g., receipts or cancelled checks).

In addition, the licensee should maintain documentation demonstrating that the costs charged to remediation projects, activities, or cost centers were incurred to perform activities required under a reclamation plan or other written authorization.

7. Overhead

The licensee should maintain records of expenses included in overhead charges made to remediation projects, activities, or cost centers. Cost records in this category should include a listing and description of all expense items included in overhead cost pools; copies of supporting documentation which demonstrate the four points described in section 6, "Other Direct" above, for each item included in overhead; documentation of the methodology used to allocate overhead cost pools to applicable remediation projects, activities or cost centers; documentation of overhead calculations; and documentation demonstrating a link between overhead costs and a reclamation plan or other written authorization.

Some licensees may include overhead costs attributable to a parent company or other corporate off-site location. While these costs may be reimbursable, the licensee must be able to document how the claimed portion of overhead was derived. At a minimum, *copies* of the records described above should be maintained for corporate overhead included in claims for reimbursement of remediation costs.

CHAPTER IV: CLAIM FILING

It is important that the licensee understand its roles and responsibilities during the claim filing process. The first step is to follow the concepts illustrated by the documentation and recordkeeping guidance provided in the preceding chapters. This will ensure that the licensee has reasonable documentation to support its cost reimbursement claims. The next step is for the licensee to understand the claim filing process and subsequent review, audit, and appeals processes set forth in this chapter.

A. COST REIMBURSEMENT CLAIM FILING

This section describes the major steps in the cost reimbursement claim filing process, and defines the licensee's responsibilities during each step. There are seven major steps in the reimbursement claim filing and approval process, as follows:

- Determination of Total Costs of Remedial Action
- Demonstration of Link Between Costs of Remedial Action and a Reclamation Plan or Other Written Authorization
- Summarization of Costs of Remedial Action and Supporting Documentation
- Calculation of Federal Portion of Costs of Remedial Action
- Preparation and Submission of Claim Packages
- Review of Claim Packages
- Cost Reimbursement Decision-Making and Appeals.

The first five steps in the process are to be completed by the licensee; the last two by DOE.

These seven steps should be completed for each year or portion thereof for which the licensee is seeking reimbursement. In other words, separate claims for reimbursement should be prepared for each complete corporate fiscal year during which the licensee incurred reimbursable costs of remedial action. In addition, if the licensee has only incurred costs of remedial action during some portion of a given corporate fiscal year or if the licensee is claiming specific additional costs from a year previously claimed, the claim should still be submitted by year. Multiple claim submittals may be prepared and submitted to DOE simultaneously. For example, if the licensee intends to claim costs incurred during fiscal years 1980 through 1993 in one claim filing period, the licensee should prepare and submit at least 14 separate claim packages plus a summary of all 14 years, as described in this chapter and in Appendix A. Appendix A provides additional detail and examples of each section of the claim submittal. The remainder of this section provides further discussion of each of the seven steps of the claim filing process listed above.

1. Determination of Total Costs of Remedial Action

The first step of the claim filing process requires the licensee to determine total costs of remedial action incurred, for each fiscal year or portion thereof, included in the claim. For instance, if the licensee claims costs for 1992 and 1993, the first step of the process would be to determine total costs of remedial action for 1992 and total costs of remedial action for 1993. Costs should be compiled in such a manner as to facilitate tracing of those costs back to the licensee's official books and records. As part of these determinations, the licensee must exclude any costs which DOE has defined to be non-reimbursable, as described in section D of Chapter II. If non-reimbursable costs are not excluded from the claim, the claim will most likely be returned to the licensee for revision, and the review process and response time may be significantly impacted.

2. Demonstration of Link Between Costs of Remedial Action and a Reclamation Plan or Other Written Authorization

The second step of the process is for the licensee to correlate costs of remedial action for which reimbursement is claimed to a reclamation plan or other written authorization. The licensee should compile documentation which provides this "trail" from total cost to costs of specific remedial activities to the approved plan. The licensee should cross-reference this documentation to sections of or activities set out in a reclamation plan or other written authorization. The licensee may already utilize codes which reference particular projects, activities, or cost centers. If this is the case, the licensee should explain the correlation between the identification codes and the reclamation plan or other written authorization. Costs which cannot be traced back to an approved reclamation plan or other written authorization are not reimbursable.

3. Summarization of Costs of Remedial Action and Supporting Documentation

The third step of the claim filing process is for the licensee to summarize the total costs of remedial action determined in step 1, as well as the documentation supporting those costs. The licensee should summarize costs and documentation by major category of cost as suggested in Chapter II of this guidance document, "Types of Costs," and by type of remediation work as identified in a reclamation plan or other written authorization. The licensee should utilize its General Ledger as the basis for identifying types of costs, as this will facilitate tracing of those costs to the licensee's summary and source supporting documentation. If cost and/or documentation summaries provided do not reconcile to official books and records (i.e., General Ledger and source documents), the licensee should note the nature of and reason for the departure. Exhibit A-1 in Appendix A provides a sample matrix of types of costs and types of remediation activities. (Note: The first column should be tailored to each site based on the applicable reclamation plan; the first row should be tailored to the licensee's accounting and/or recordkeeping systems.)

Each summary of costs and documentation should cover all costs incurred within a particular fiscal year. For instance, cost and documentation summaries should be prepared for each major category of cost (e.g., labor, travel, materials and supplies, equipment, contractor services, other direct, and overhead) incurred in performing interim stabilization duties in a particular fiscal year. Likewise, summaries should be prepared for each other type of activity conducted during that fiscal year. Summaries of costs of remedial action and supporting documentation should serve as the basis for, and

should be included in reimbursement claim packages submitted to, DOE. Section B.1. and B.2. of this chapter describe inclusion of summaries of costs of remedial action and summaries of supporting documentation in claims for reimbursement.

4. Calculation of Federal Portion of Costs of Remedial Action

The fourth step of the process requires the licensee to calculate the Federal-related portion of the total cost determined in the first step of the process, using the DOE Federal reimbursement ratios for each site. As stated previously, the licensee must ensure that the total costs used in this calculation do not include any "non-reimbursable" costs. This calculation should be performed for each year included in the claim package. Thus, the licensee should multiply each year's total claimed amount by the site's Federal reimbursement ratio to determine the total Federal-related, reimbursable costs of remedial action for each year. If DOE subsequently disapproves any of the costs of remedial action included in the licensee's claim for reimbursement, the Federal ratio should be re-applied to the revised total costs of remedial action. A current listing of Federal reimbursement ratios (per 10 CFR Part 765) is included in Appendix B of this guidance. In addition, Appendix B presents a sample calculation of the Federal portion of total costs of remedial action for one year.

5. Preparation and Submission of Claim Packages

The fifth step is for the licensee to prepare the reimbursement claim package for submission to DOE. A detailed discussion of the documents to be submitted as part of the claim package is included in section B below; a checklist of items to be included in the claim package submittal is included in Exhibit IV-1; and a sample claim package submittal is included in Appendix A of this guidance document.

6. Review of Claim Packages

Upon receipt of the reimbursement claim package, DOE will perform a preliminary review of the summary cost documentation and regulatory authorization submitted. If DOE cannot complete the preliminary review to its satisfaction with the information provided in the claim (e.g., data is incomplete or unclear), DOE may either 1) return the claim to the licensee for revision/clarification, or 2) may request additional information to be submitted prior to completing the preliminary review. Documentation supporting claims for reimbursement is also subject to formal financial and technical audit, as determined by DOE. Section C below provides a detailed discussion of the formal audit processes.

7. Cost Reimbursement Decision-Making and Appeals

Upon completion of necessary audit and/or review of one or more years of a claim package, DOE will make a determination as to the amount to be reimbursed to the licensee, and will process the licensee's payment as discussed in section C.3. Following this determination, the licensee has the option to file an appeal as described below in section C.4.

Exhibit IV-1
Claim Package Checklist

[X] COST SUMMARY DOCUMENT

- √ Include Cost Sumary Document for each year or portion thereof
- √ Include all reclamation cost categories
- √ Include all types of reclamation activities conducted
- √ Include totals for each type of cost and type of reclamation activity
- √ Include calculation of Federal-related costs of remedial action

[X] SUMMARY DOCUMENTATION

- √ Summary-level documentation is provided for each year or portion thereof included in the claim
- √ Cross-references to the regulatory authorization matrix
- √ Clearly defines the cost categories included in the claim, and facilitates understanding of the documentation

[X] NARRATIVE DESCRIPTION

- √ Includes a narrative section for each year or portion thereof for which costs are being claimed, including items such as start and end dates, major accompishments, and resources utilized
- √ Includes a high-level summary narrative section (or updates to such a section) with such items as major phases of reclamation completed, and general site history information
- √ Cross-references to the regulatory matrix
- √ Cross-references to the types of costs and reclamation activities included in the Cost Summary Document
- √ Includes a statement of certification as to the accuracy and completeness of the claim
- √ In general, provides the reviewer with enough of an understanding of the costs, activities, and associated regulatory authorization to allow adequate evaluation of the claim at a summary level

[X] REGULATORY AUTHORIZATION MATRIX

- √ Cross-references to the Cost Summary Document
- √ Identifies all major sources of regulatory authorization
- √ Provides description of regulatory source documents, in bibliography format or within the matrix itself
- √ Is updated prior to each claim submittal to include revision, amendments, or new sources of regulatory authorization
- √ Clearly ties each type of reclamation activity to source(s) of regulatory authorization

[X] APPROVED RECLAMATION PLAN OR OTHER WRITTEN AUTHORIZATION

- √ Current copy of reclamation plan and any amendments have been submitted at least one time to DOE, or are included in this claim package
- √ Claim package includes all amendments, modifications, etc. issued since the previous claim package submittal
- √ Each document submitted is clearly referenced and described in the regulatory authorization matrix

B. REIMBURSEMENT CLAIM PACKAGES

Following each annual appropriation of funds for reimbursement by Congress, DOE will issue a Federal Register notice announcing the claim submission deadline for that fiscal year. DOE may also issue additional guidance at this time as a result of policy decisions made or lessons learned in the previous review cycle. The remainder of this section describes the major items to be included in the licensee's claim package. Exhibit IV-1 provides a checklist of claim package components.

1. Cost Summary Document

The first item which the licensee should submit as part of the cost reimbursement claim package is the Cost Summary Document. Separate Cost Summary Documents should be prepared for each fiscal year or portion thereof for which reimbursement is claimed. The Cost Summary Document is a matrix of categories of costs (e.g., direct labor, contractor costs) versus remediation work types (e.g., ground water, tailings management). Each block of the matrix should contain the total reimbursable costs of remedial action being claimed for that cost category and type of work for the given year. For instance, a block mapping to "Direct Labor" and "Ground Water" should include the total direct labor costs incurred in performing ground water-related activities for the given year.

A sample Cost Summary Document is included in Appendix A of this guidance document. The licensee should use this sample as a guideline for developing Cost Summary Documents. However, the categories of costs and remediation activities included in a licensee's actual Cost Summary Document should be based on that licensee's official books and records. Thus, a licensee's Cost Summary Document may include additional or different cost categories and remediation activities than the sample Cost Summary Document. If the costs reported do not reconcile to the licensee's official books and record, the licensee should explain the nature of and reason for the departure. In addition, if the licensee utilized an accounting principle or practice that differs from actual financial accounting practices, the licensee should explain or be prepared to discuss/demonstrate how this principle or practice results in a more accurate assignment or allocation of cost. As previously stated, the licensee should not include the same costs on more than one Cost Summary Document. A separate Cost Summary Document should be submitted for each fiscal year or portion thereof for which costs are being claimed.

2. Summary Documentation

The second item in the cost reimbursement claim package is a summary of the documentation supporting the claim for reimbursement. This portion of the claim should summarize the documentation supporting each block of cost included on the Cost Summary Document, and should be cross-referenced accordingly. For example, for the block mapping to "Materials & Supplies" and "Ground Water," the summary documentation might consist of a log of materials and supplies utilized in conducting ground water monitoring activities. The summary documentation included in the claim package is intended to provide only summary level support, serving as a starting point for further review and audit, not as a detailed trail of source documents. However, the documentation provided should trace back to detailed supporting or source documentation maintained on-site for the purpose of conducting audits. If the documentation provided does not reconcile to official books and records, the licensee should note the nature of and reason for the departure.

The licensee also should include in their claim any information necessary to accurately interpret the supporting documentation (e.g., the licensee could include portions of an accounting manual which define cost pools or accounting codes contained on the supporting documentation). A sample of the summary documentation which might be included in the reimbursement claim package can be found in Appendix A of this guidance document.

3. Narrative Description

The third item to be included in the reimbursement claim package is a narrative description of remedial activities at the site. This narrative should provide a summary of the activities completed for which costs are being claimed, and should demonstrate a link between costs claimed and activities required under a reclamation plan or other written authorization. A link must be shown between costs and approved remediation activities in order for the costs to be reimbursable.

The licensee should provide the following narrative sections, as specified:

- The first section should provide a high-level, summary description of the site and reclamation efforts to date. This section should include such things as site operating and closure dates; characterization of buildings and property; major regulatory drivers; unique site characteristics; significant actual or planned milestones and accomplishments (e.g., start and end dates of major phases of the cleanup process, major purchases of equipment and materials); characterization of cleanup approach; extent of contractor involvement; previous interactions with or funding received from DOE; and NRC, Agreement State, or other regulatory authority involvement. This section or updates to it should be provided with each claim. For example, a lengthy narrative might be needed with earlier claims that cover multiple years, whereas subsequent claims may need only 1-2 additional paragraphs.

- The second section should be broken by type of remediation activity, and by year or portion thereof for which costs are being claimed. This narrative should provide additional detail on activity descriptions, status, and start and end dates; major accomplishments and milestones; resources used for each activity performed during that year or portion thereof, including materials, equipment, and personnel (e.g., whether an activity was conducted in-house or contracted out); and, descriptions of the components of any other major categories of costs included in the claim for that year.

In general, the licensee should attempt to provide the claim reviewer with enough of an understanding of the types of reclamation activities and cost categories included in the claim, and the associated regulatory authorization, to allow adequate evaluation of the claim at a summary level.

Also as part of the narrative, the licensee should provide a certification as to the accuracy and completeness of the claim package. Sample narrative description sections are included in Appendix A of this guidance document.

4. Regulatory Authorization Matrix

The fourth item in the reimbursement claim package is a matrix of sources of regulatory authorization for remedial activities performed at the site. This matrix should provide a correlation between remedial activities being conducted by the licensee and the source of authority for conducting those activities. For each major type of remedial activity, a section of the reclamation plan or other written authorization (e.g., letters or memos issued by the NRC or Agreement State) should be identified and defined. The licensee may 1) submit an actual matrix cross-referencing reclamation activities to titles of the appropriate sources of regulatory authorization with an attached 'bibliography' defining each of the regulatory documents referenced; or 2) incorporate brief descriptions of each source of regulatory authorization into the matrix. The licensee should resubmit this matrix with each new claim, updating the list of regulatory source documents as necessary. However, the actual source documents need only be submitted once if they remain unchanged. A sample Regulatory Authorization Matrix can be found in Appendix A of this guidance document. This sample incorporates descriptions of the source regulatory documents into the matrix.

5. Approved Reclamation Plan or Other Written Authorization

The final item included in the cost reimbursement claim package is the NRC- or Agreement State-approved reclamation plan or other written authorization. A copy of the final approved plan and/or other written authorization should be included in the initial claim package submitted to DOE. If a final plan has not been approved, the licensee should submit the most current approved reclamation plan or other written authorization. For subsequent years, the licensee should submit all approved revisions or modifications occurring between the dates of the last claim submittal and the current submittal. For instance, if a licensee submits a claim in 1995 and submits its next claim in 1997, the licensee should include in the 1997 submittal all approved revisions or modifications to the plan or other authorization, made subsequent to the 1995 submittal date. If a licensee does not have a final approved reclamation plan when the initial claim is submitted, a final approved plan should be submitted with the first claim filed subsequent to approval of the final plan. Each source of regulatory authorization (i.e., reclamation plan and amendments or other written authorization) should be noted and described briefly in the regulatory authorization matrix of the claim package. (See section 4 above.)

C. DOE REVIEW AND AUDIT OF COST DOCUMENTATION

This section provides a general discussion of the review and audit processes associated with Title X cost reimbursement, and addresses the licensee's responsibilities regarding these processes.

1. Preliminary Review

Upon receipt of a claim package from a licensee, DOE will perform a preliminary review of the documentation submitted. DOE will evaluate the reasonableness of the documentation submitted and determine whether the costs claimed were incurred specifically for activities required under a reclamation plan or other written authorization.

If the documentation is inadequate to make this determination, DOE may return the claim package to the licensee for revision, or may request additional material or clarification of information received. In addition, DOE may decide to conduct formal financial and/or technical audits of the licensee's cost documentation. DOE also may rely, in part, on findings of prior years' reviews and audits for further assurance regarding a licensee's claim.

2. Audit Processes

As necessary, DOE will schedule with the licensee an independent financial audit and/or technical audit of the documentation supporting the claim for reimbursement. These audits will be conducted at the licensee's site, and shall be performed based on Generally Accepted Government Auditing Standards (GAGAS), and applicable technical standards as determined by DOE. The remainder of this section describes the timing and scope of the audits, as well as necessary preparation for which the licensee is responsible.

a. Timing of Audits

The decision as to whether financial and technical audits should be conducted for a particular claim for reimbursement will be made on a case-by-case basis. However, DOE's intent is to conduct audits on a periodic basis, rather than with every claim submission, relying in part on the results of previous claims to determine the frequency of audits necessary for each licensee. Technical and financial audits may not necessarily be conducted concurrently.

b. Audit Scope

Audits will be limited in scope to those documents that allow the auditor to verify costs and remediation activities included in the Cost Summary Document. A decision as to the depth of the audits will be determined by the auditors based on a preliminary review of the documentation available, and on GAGAS and other applicable standards. The licensee should be prepared to provide financial and technical auditors with all necessary documentation, and to make available all appropriate personnel to be interviewed and to assist the auditors in completing their reviews. See section c, Licensee Preparation, for guidance on steps to be taken by the licensee in preparing for financial and technical audits.

Prior to conducting an audit, DOE will notify the licensee in writing as to the dates, nature and scope of the audit, and any additional steps which the licensee will need to take to adequately prepare for the audit (e.g., ensure that specific individuals or documentation will be available). In addition, DOE may hold a teleconference with the licensee or other related parties and or send a letter in order to discuss specific issues or relay any information which will facilitate the audit process.

The auditors will meet with the licensee prior to finalizing audit reports to allow clarification of any unresolved issues. DOE will take into account any financial and technical audit reports when making a decision regarding a claim for reimbursement.

c. Licensee Preparation

In preparing for the financial and technical audit processes, it is the licensee's responsibility to:

- Ensure that all appropriate personnel are available for financial and technical audits.
- Ensure that underlying supporting data are readily available for review (as of claim submission date).
- Be prepared to discuss in detail each type of cost (i.e., components of costs and relation to remediation efforts, including both direct and indirect cost components) and types of remediation activities (i.e., description of activities and relation to regulatory authorization) included in the claim).
- Be prepared to demonstrate/explain cost calculations, especially in cases where accounting principles used in claim preparation deviate from normal accounting practices utilized and/or from GAAP.
- Be prepared to discuss the remediation history of the site from inception to the present date.

These main preparatory steps will greatly facilitate the on-site audits conducted by/under the supervision of DOE. In addition, the licensee should be prepared to provide to DOE timely follow-up information resulting from the audit processes.

3. Reimbursement Decisions

After completion of the review and audits (if applicable), DOE will provide the licensee with a decision regarding reimbursement of costs claimed, including amounts approved, disallowed, and/or deferred. In some instances, costs may be disallowed as a result of audits or reviews; in other instances, decisions regarding specific costs may be deferred, pending further investigation. All reimbursements approved by DOE in a given year will be processed for payment at the same time to ensure an equitable distribution of appropriations. Reimbursement decisions will be made on a pro-rated basis if there are insufficient funds to reimburse all claims in full. See Exhibit IV-2 for an illustration of the pro-ration process to be used. Any outstanding balances will be carried over to the next fiscal year for payment. If the licensee takes exception to a decision rendered, DOE's appeals process may be utilized, as described below.

4. DOE Appeals Process

Upon receiving a reimbursement decision from DOE, the licensee has 45 days to appeal that decision. Appeals should be filed with DOE's Office of Hearings and Appeals. Appeals will be governed by, and must comply in full with, the procedures set forth in 10 CFR Part 1003, Subpart C.

Exhibit IV-2
Calculation of Pro-Rated Reimbursement Payments

199X CLAIM AMOUNT ± ADJUSTMENT FOR ERRORS − DISALLOWED COSTS = ***APPROVED AMOUNT***

APPROVED AMOUNT x FEDERAL REIMBURSEMENT RATIO = ***199X FEDERAL PORTION***

199X FEDERAL PORTION + OUTSTANDING PAYMENT BALANCE DUE = ***TOTAL LICENSEE FEDERAL PORTION***

$$\frac{\textit{TOTAL LICENSEE FEDERAL PORTION}}{\text{SUM OF ALL LICENSEES' FEDERAL PORTIONS}} \times \text{AVAILABLE 199X FEDERAL FUNDS} = \text{199X LICENSEE PRORATED PAYMENT}$$

APPENDIX A: SAMPLE CLAIM SUBMITTAL

The following is a list of the items to be provided in the cost reimbursement claim submittal:

- Cost Summary Document (Exhibit A-1)
- Summary Documentation (Exhibit A-2)
- Narrative Description (Exhibit A-3)
- Regulatory Authorization Matrix (Exhibit A-4)
- Reclamation Plan or Other Written Authorization.

This Appendix provides a brief description and sample of each of the first four items. The fifth item, "Reclamation Plan or Other Written Authorization," is discussed in section B.5. of Chapter IV of this guidance document.

The discussions and examples included in this appendix are intended to provide the licensee with *guidance* only. The licensee should follow the concepts outlined below, but should complete claim packages based on its own existing cost documentation, and categories of costs and remedial activities, to ensure that the cost of completing the claim package does not outweigh the potential amount of reimbursement to be received.

A. COST SUMMARY DOCUMENT (Exhibit A-1)

The Cost Summary Document (Exhibit A-1) provides a summary of total reimbursable costs of remedial action for a specified year or portion thereof. The costs are segregated into defined categories (e.g., Direct Labor, Travel) for each major type of activity included in a reclamation plan or other written authorization (e.g., Project Management, Compliance Activities). *This matrix of costs should be tailored to the individual licensee's accounting system and reclamation plan or other written authorization.* Additional or different categories of costs and/or types of remediation activities should be included, as applicable, in the Cost Summary Document submitted by each licensee. Following the cost matrix, the licensee should provide the total of all blocks in the matrix multiplied by the appropriate Federal reimbursement ratio (see Appendix B) to determine the total Federal-related costs of remedial action.

B. SUMMARY DOCUMENTATION (Exhibit A-2)

The second part of the claim submittal is the Summary Documentation which supports costs claimed in each block of the Cost Summary Document (Exhibit A-1). Summary documentation should be cross-referenced to individual categories in the Cost Summary Document, as shown in Exhibit A-2. This documentation is intended to provide only summary level support of the claim, not a detailed compilation of source documents. Detailed source documentation should be maintained on-site as described in section III.B. of this document. Sample summary documentation which meets DOE's claim submittal needs is included as Exhibit A-2, and for illustrative purposes, ties to the sample Cost Summary Document. Due to differences in each licensee's financial management and accounting systems, the summary documentation may vary. Each licensee should include in this portion of its claim package the best available summary documentation to support the Cost Summary Document.

C. NARRATIVE DESCRIPTION (Exhibit A-3)

The third part of the claim submittal is a narrative description of remedial activities conducted for which costs are being claimed. This will provide DOE with a link between the costs claimed and a reclamation plan or other written authorization, as well as information on which to evaluate claims. There are two sections of narrative: one providing a high-level site summary and description of major milestones/accomplishments; and one for each year of the claim, providing a lower level of detail on activities completed. See section B.3. of Chapter IV for additional guidance on the content of each narrative section. As part of the narrative, the licensee also should include a statement of certification as to the accuracy and completeness of the claim. Sample narrative sections are included as Exhibit A-3, and for illustrative purposes, tie to the sample Cost Summary Document (Exhibit A-1) and Summary Documentation (Exhibit A-2).

D. REGULATORY AUTHORIZATION MATRIX (Exhibit A-4)

The fourth part of the claim submittal is a matrix mapping types of remediation activities to the appropriate sources of regulatory authorization (e.g., NRC- or Agreement State-approved reclamation plan or other correspondence with regulatory agencies). The "Types of Remediation Activities" included in this matrix should match the "Types of Remediation Activities" included in the far left column of the Cost Summary Document (Exhibit A-1). This matrix should include and describe each major section of the reclamation plan and any other correspondence or similar authorization received by the licensee from a regulatory organization, that is included in the claim package. A sample matrix is included as Exhibit A-4, and for illustrative purpose, ties to the sample Cost Summary Document (Exhibit A-1) and Narrative Description (Exhibit A-3). The sample regulatory matrix includes only those sources of regulatory authorization referenced in Exhibit A-3, Section 2.

The licensee may instead provide a matrix in a format similar to the sample Cost Summary Document (Exhibit A-1) with reclamation activities mapped against sources of regulatory authorization (instead of types of costs). However, if this standard matrix format is utilized, the licensee should also attach brief descriptions of each source document included in the matrix (i.e., a bibliography of sources of regulatory authorization).

Exhibit A-1: Sample Cost Summary Document

Year Covered: 1995 ACME CORPORATION

TYPE OF REMEDIATION ACTIVITY (Cost Center)	TYPE OF COST							
	Direct Labor	Travel	Materials & Supplies	Equipment	Contractor Services	Other Direct	Overhead	TOTALS
Ground Water (100)	$3,100.00		$300.00		$3,000.00	$300.00		$6,700.00
Occupational Radiation Control (200)	$1,500.00							$1,500.00
Environmental Radiation Control (300)	$820.00							$820.00
Tailings Management (400)	$1,300.00			$230.00				$1,530.00
General Mill Remediation (500)	$4,400.00							$4,400.00
Evaporation Pond Operation (600)	$900.00		$340.00			$120.00		$1,360.00
Tailings Facility (700)					$15,700.00			$15,700.00
Mill Decommissioning (800)					$18,200.00			$18,200.00
Analytical (900)	$390.00				$740.00			$1,130.00
Hazardous Waste Management (1000)	$850.00			$490.00		$300.00		$1,640.00
Administrative (1100)		$150.00					$4,800.00	$4,950.00
TOTALS	$13,260.00	$150.00	$640.00	$720.00	$37,640.00	$720.00	$4,800.00	$57,930.00

Total Costs of Remedial Action	x	Federal Reimbursement Ratio	=	Federal-Related Costs
$57,930.00	x	.493 (see Appendix B)	=	$28,559.49

Exhibit A-2: Sample Summary Documentation

DIRECT LABOR COSTS:

ACME Corporation
Direct Labor Summary
Ground Water Activities

Cost Center, Description	Month	Total Cost
100, Ground Water	1/95	$ 250.00
	2/95	250.00
	3/95	250.00
	4/95	250.00
	5/95	250.00
	6/95	250.00
	7/95	350.00
	8/95	250.00
	9/95	250.00
	10/95	250.00
	11/95	250.00
	12/95	250.00
Total, Cost Center 100:		$3,100.00

Exhibit A-2: Sample Summary Documentation (Cont.)

TRAVEL COSTS:

ACME Corporation
Summary of Travel Costs

Traveler Name	Purpose of Travel	Dates of Travel	Total Cost
John Doe	Conduct 2-day OSHA training course at Site X.	04/15/95-04/18/95	$150.00
Total, Cost Center 1100:			$150.00

Exhibit A-2: Sample Summary Documentation (Cont.)

MATERIALS AND SUPPLIES COSTS:

ACME Corporation
Warehouse Supplies Summary
Y/E December 31,1995

Description	No. of Items	Date	Value	Cost Center
Filters (w/hose, clamps)	20	6/30	$ 300.00	100
Misc. supplies	N/A	9/15	340.00	600
Total Value:			$ 640.00	

Exhibit A-2: Sample Summary Documentation (Cont.)

EQUIPMENT COSTS:

ACME Corporation
Equipment Records

Item Description	Period	Equipment Cost	Est. Life	Depreciation Expense*	Cost Center
Scraper	5/95	$41,400.00	15 yrs	$ 230.00	400
Truck A	7/95	18,000.00	12 yrs	125.00	1000
Truck B	7/95	18,000.00	12 yrs	125.00	1000
Truck C	7/95	18,000.00	12 yrs	125.00	1000
Truck D	7/95	16,560.00	12 yrs	115.00	1000
Total:				$ 720.00	

* Calculated using straight-line method of depreciation.

Exhibit A-2: Sample Summary Documentation (Cont.)

CONTRACTOR SERVICES COSTS:

Contract Cost Summary
(ABC Corporation)

Contractor	:	ABC Corporation
Contract Number	:	99-ABC-1234
Type of Contract	:	Fixed Cost/Unit
Project Officer	:	Robert Johnson
Dates of Service	:	02/01/95 - 11/01/95
Actual Total Cost	:	$36,900.00
Summary of Services Provided	:	Drill 4 injection wells; recontour site; survey and provide QC; and decommission mill at Site X.
Documentation	:	Copies of Applicable Paid Invoices (detail below)

Invoice Number	Invoice Date	Invoice Amount	Cost Center
1234-001	06/30/95	$ 3,000.00	100
1234-002	12/01/95	15,700.00	700
1234-003	12/01/95	18,200.00	800
Total:		$36,900.00	

Exhibit A-2: Sample Summary Documentation (Cont.)

CONTRACTOR SERVICES COSTS (Cont.):

Contract Cost Summary
(Chem Laboratories, Inc.)

Contractor	:	Chem Laboratories, Inc.
Contract Number	:	15231-CL-345
Type of Contract:	:	Fixed Price
Actual Total Cost	:	$740.00
Summary of Services Provided	:	Laboratory analysis of water samples (30 samples) from reclamation site.
Documentation	:	Copy of Paid Invoice (detail below)

Invoice Number	Invoice Date	Invoice Amount	Cost Center
CL-54321	10/15/95	$ 740.00	900
Total:		$ 740.00	

Exhibit A-2: Sample Summary Documentation (Cont.)

OTHER DIRECT COSTS:

ACME Corporation
Other Direct Account Summary

Description	Period Covered	Total Cost	Cost Center
Electric	3/95-6/95	$ 300.00	100
Electric	3/95-6/95	120.00	600
Diesel Fuel	7/95	300.00	1000
Total:		$ 720.00	

Exhibit A-2: Sample Summary Documentation (Cont.)

OVERHEAD COSTS:

ACME Corporation
Overhead Distribution Sheet for Cost Center 1100

Fiscal Year	Payroll Hours	Overhead Rate	Overhead Costs
1995	100.00	$ 48.00*	$ 4,800.00
Total Charged:			$ 4,800.00

* Description of items included in the overhead cost pool is incorporated in the narrative section under *administrative* costs.

Exhibit A-3: Sample Narrative Description

Section 1: Narrative Site Summary

ACME Corporation's mill site is located approximately 4 miles west of Springfield, AZ, on the confluence of the East and West Rivers. The site covers 110 acres of which 73 acres are covered by 3.2 million cubic yards of tailings and 20 acres by the processing plant. An area of about 120 acres adjacent to the site is also contaminated by windblown tailings. Major features at the site include tailings pile 1 (2.8 million cubic yards), tailings pile 2 (0.4 million cubic yards), primary and secondary mill buildings, ten ore storage pads, eight maintenance buildings, nine thickener tanks, six office buildings, and one 15-acre brine evaporation pond. The mill operated from 1951 to 1986 under a series of licenses issued by the U.S. Government.

Reclamation was initiated in 1988 and involves demolition of the mill buildings and associated structures (Phase I), tailings reclamation (Phase II), and ground water restoration (Phase III). These activities are being conducted pursuant to amendments to Source Material License No. SUA-1471 and a series of mill decommissioning, tailings reclamation, and ground water corrective action plans approved by the Nuclear Regulatory Commission (NRC). These regulatory authorizations are further described in the regulatory authorization matrix of this claim package.

Phase I was initiated in 1988 and is being conducted in accordance with the site's Mill Decommissioning Plan. It is approximately 70 percent complete. Major accomplishments include the preparation and approval of the Mill Decommissioning Plan (1988-1989); removal and disposal of 100 cubic yards of asbestos from all buildings and structures (1989-1990); and demolition of the primary and secondary mill buildings (1990-92), four ore storage pads and two office buildings (1993), five thickener tanks (1994-95), and four maintenance buildings (1995). Roughly 6,000 cubic yards of demolition debris will be generated, most of which will be disposed of in tailings pile 1. Remaining work is scheduled to be completed by 1997.

Phase II was initiated in 1989 and is being conducted pursuant to the site's Tailings Reclamation Plan. Primary activities include the consolidation of windblown contaminated material with tailings piles 1 and 2, and the placement of an earthen cover over tailings piles 1 and 2. The cover will consist of a two-foot thick clay radon barrier, eight-foot thick bedding layer, and external riprap layer. Phase II is approximately 25 percent complete. Completed milestones include the preparation and approval of the Tailings Reclamation Plan (1989-91), remediation of windblown contaminated materials (1991), dewatering and

Exhibit A-3: Sample Narrative Description (Cont.)

Section 1: Narrative Site Summary (Cont.)

recontouring of the tailings piles (1991-93), and the placement of a two-foot thick clay barrier (1993-95). Outstanding activities are expected to be completed by 1999. Borrow material for the clay and soil barriers are being supplied by on-site deposits. Riprap will be purchased and imported from a nearby commercial quarry.

Phase III was initiated in 1993 and is being performed in accordance with the site's Ground Water Corrective Action Plan. The plan requires the prevention of ground water contamination from the site and the removal and collection of contaminated ground water. Phase III is roughly 10 percent complete. Significant accomplishments include the completion of a hydro-geological assessment and approval of the Ground Water Corrective Action Plan (1993-1995), the installation of 24 ground water monitoring, collection, or injection wells (1993-1995), and the construction of a ground water evaporation pond and sprayer system (1994). Additional collection and injection wells may be required. Depending on system performance, Phase III will be finished by 2002.

Since 1988, all activities conducted at the site have been dedicated to remedial action. ACME maintains an average on-site staff of 35 full-time employees to carry out remedial activities. This includes one site manager, three health physicists, four environmental scientists/technicians, one quality control specialist, two mechanics, one accountant, two administrative assistants, ten equipment operators, six truck drivers, and five general laborers In addition, technical support is provided on an as needed basis from ACME's corporate office in Phoenix, AZ. Contractor support has been limited to mill decommissioning, ground water sample analyses, and well installation activities. Major equipment owned by ACME and used in remedial action includes four scrapers, six dump trucks, five dozers, one track hoe, and five utility vehicles. Remedial activities are being conducted year-round, five days a week, during normal business hours.

Exhibit A-3: Sample Narrative Description (Cont.)

Section 2: Narrative Description of ACME Remediation Activities for 1995*

Ground Water: Ground water is being restored in two aquifers underlying the site in accordance with license conditions and the site's NRC-approved Ground Water Corrective Action Plan. Activities include the operation and maintenance of a ground water restoration system consisting of four collection wells, three injection wells, and seventeen monitoring wells. Major activities conducted in 1995 included the quarterly sampling of all wells, preparation and submission of an annual monitoring report to the NRC, installation of one injection well and three monitoring wells, monthly replacement of water filters on the injection system, replacement of packers on five wells, and the addition of chemical inhibitors in the collection system to reduce scale. Laboratory costs for analyzing ground water samples are included in the "Analysis" cost category of this claim. Well installation and packer replacement were performed by the XYZ Drilling Company. All other activities were conducted by ACME employees. Electricity was prorated from site electric utility invoices on a horsepower consumed basis. The ground water system consumed electrical horsepower for the collection wells, fresh water injection and the evaporation of water. (Authorization Ref. 1, 7, 13, 19, 22, 25, 26, 28, 30, 31, 32, 33)

Mill Decommissioning: This activity is being conducted pursuant to ACME's license conditions and NRC-approved Mill Decommissioning Plan. It includes the dismantling of buildings and foundation structures; cutting, crushing, and flattening of pipes, tanks, and similar structures for ease of handling; transporting and layering of debris in tailings pile 1; cleanup of contaminated soil; and recontouring and revegetation of disturbed areas. Activities completed in 1995 included the dismantling of two thickener tanks and four maintenance buildings. Most of the debris, totaling approximately 900 cubic yards, were disposed of in tailings pile 1. Several fuel tanks were decontaminated and salvaged. The costs of decontaminating the tanks, however, were correctly excluded from the reimbursement claim. All decommissioning work was performed by D&D contractors, using the contractors' own equipment, under ACME oversight. (Authorization Ref. 1, 7, 13, 19, 32, 33)

* For illustrative purposes, includes description of Ground Water and Mill Decommissioning activities only.

Exhibit A-3: Sample Narrative Description (Cont.)

LICENSEE CERTIFICATION:

The information included in this cost reimbursement claim, submitted to DOE on June 8, 1996, is to the best of my knowledge, accurate and complete. Costs claimed are supported by reasonable documentation. The summary documentation included in the claim package provides the best available information in support of the Cost Summary Document. In addition, the costs claimed include only those costs which were incurred to perform activities required under the NRC-approved reclamation plan.

William H. Roberts

William H. Roberts
President, ACME Corporation

Exhibit A-4: Sample Regulatory Authorization Matrix

Ref.	SOURCE OF REGULATORY AUTHORIZATION	APPLICABLE COST CENTERS
1	SOURCE MATERIAL LICENSE NO. SUA-1471, Amendment No. 1-16 Condition 10: Authorizes the licensee to possess only residual uranium byproduct material in the form of uranium waste tailings and other byproduct waste generated by the licensee past milling operations, as noted in Tables 1 and 3 and the procedures submitted by letter dated September 2, 1993.	Occupational Radiation Control, Environmental Radiation Control, Analytical
7	Condition 16: Requires the licensee to prepare and record an environmental evaluation of any activity not previously assessed by the NRC. When the evaluation indicates that the activity may result in a significant adverse environmental impact that was not previously assessed or that is greater than that previously assessed, the licensee must provide a written evaluation of the activities and obtain prior approval from the NRC in the form of a license amendment.	Ground Water, Occupational Radiation Control, Environmental Radiation Control, Tailings Management, General Mill Remediation, Evaporation Pond Operation, Tailings Facility, Mill Decommissioning, Analytical, Hazardous Waste Management
13	Condition 22: Requires the licensee to document (and maintain for at least 5 years) the results of sampling, analyses, surveys and monitoring; the results of calibration of equipment, and reports on audits and inspections; all meetings and training courses required by this license and any subsequent reviews, investigations, and corrective actions, unless otherwise specified by the NRC.	Ground Water, Occupational Radiation Control, Environmental Radiation Control, Tailings Management, Evaporation Pond Operation, Tailings Facility, Mill Decommissioning, Analytical, Hazardous Waste Management

Exhibit A-4: Sample Regulatory Authorization Matrix (Cont.)

Ref.	SOURCE OF REGULATORY AUTHORIZATION	APPLICABLE COST CENTERS
19	Condition 28: Requires the licensee to maintain an NRC-approved financial surety arrangement consistent with 10 CFR 40, Criteria 9 and 10, adequate to cover estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill and mill site, reclamation of tailings or waste disposal areas, ground water restoration, and the long-term surveillance fee. Within 3 months of NRC approval of a revised reclamation plan, the licensee must submit for NRC approval a proposed revision to the financial surety arrangement if estimated costs for the newly approved plan exceed the amount covered in the existing financial surety. The revised surety arrangement shall then be in effect within 3 months of written NRC approval.	Ground Water, Tailings Management, General Mill Remediation, Evaporation Pond Operation, Tailings Facility, Mill Decommissioning
22	Condition 31: Allows the licensee to conduct and operate a lined brine evaporation pond in accordance with plans, conditions, revision, and commitments made in conjunction with Ground Water Discharge Plan DP-339. Plans, conditions, revisions, and commitments are contained in submittals and correspondence from ACME Corp. dated March 1, 1983; February 16, 1988; and includes a commitment by letter dated February 5, 1988, to reclaim the pond area in accordance with appropriate reclamation standards after the cessation of operations.	Ground Water, Evaporation Pond Operation, Analytical
25	Condition 35: Requires the licensee to implement a compliance monitoring program to the specifications contained in transmittals by the licensee dated October 3, 1992, and June 15, 1993. Includes requirement to submit annual ground water monitoring reports.	Ground Water, Environmental Radiation Control, Evaporation Pond Operation, Analytical

Exhibit A-4: Sample Regulatory Authorization Matrix (Cont.)

Ref.	SOURCE OF REGULATORY AUTHORIZATION	APPLICABLE COST CENTERS
26	Condition 36: Requires that the licensee complete site reclamation in accordance with an approved reclamation plan, and conduct the ground water corrective action plan in accordance with condition 35 (above). Includes specifications regarding schedules for completion of various phases of reclamation.	Ground Water, Environmental Radiation Control, Tailings Management, General Mill Remediation, Evaporation Pond Operation, Tailings Facility, Analytical, Hazardous Waste Management
28	Discharge Plan (200) for ground water clean-up program.	Ground Water, General Mill Remediation, Analytical
30	1993 Agreement and Stipulation between EPA and ACME Corp.	Evaporation Pond Operation, General Mill Remediation, Analytical
31	1989 Ground Water Corrective Action Program	Ground Water, Analytical
32	Reclamation Plan SUA-1471 Docket No. 40-8903	Ground Water, Occupational Radiation Control, Environmental Radiation Control, Tailings Management, General Mill Remediation, Evaporation Pond Operation, Tailings Facility, Mill Decommissioning, Analytical, Hazardous Waste Management
33	Reclamation Plan Revision 10/93	Ground Water, Occupational Radiation Control, Environmental Radiation Control, Tailings Management, General Mill Remediation, Evaporation Pond Operation, Tailings Facility, Mill Decommissioning, Analytical, Hazardous Waste Management

APPENDIX B: APPLICATION OF FEDERAL REIMBURSEMENT RATIOS

This appendix serves as a source of reference for determining the Federal-related portion of total reimbursable costs of remedial action. The chart below depicts the Federal-related tailings and total tailings determined by DOE, and the resulting Federal reimbursement ratio for each licensee and site. This appendix also includes sample Federal reimbursement ratio and Federal-related cost calculations.

Licensee, Active Uranium or Thorium Site	Federal Related Tailings (millions of dry short tons)	Total Tailings (millions of dry short tons)	Federal Reimbursement Ratio
American Nuclear Corporation, Gas Hills Mill Site	2.202	6.0	.367
Atlantic Richfield Company, Bluewater Mill Site	8.837	23.9	.370
Atlas Corporation, Moab Mill Site	5.946	10.6	.561
Cotter Corporation, Canon City Mill Site	0.315	2.2	.143
Dawn Mining Company, Ford Mill Site	1.171	3.1	.378
Homestake Mining Company, Grants Mill Site	11.411	22.3	.512
Pathfinder Mines Corporation, Lucky McMine	2.842	11.7	.243
Petrotomics Company, Shirley Basin Mill Site	0.725	6.3	.115
Quivira Mining Company, Ambrosia Lake Mill Site	10.017	33.2	.302
Tennessee Valley Authority, Edgemont Mill Site	1.625	2	.813
Umetco Mineral Corporation, Uravan Mill Site	5.701	10.5	.543
Union Carbide Corporation, East Gas Hills Mill Site	2.103	8	.263
Western Nuclear, Inc, Split Rock Mill Site	3.626	8.2	.442
Kerr-McGee Corporation, West Chicago Thorium Mill Site	0.032	0.058	.552

A. SAMPLE CALCULATION OF FEDERAL REIMBURSEMENT RATIO

Assume that the total tailings at Mill Site A equal 15.2 million dry short tons. Of this amount, 7.5 million dry short tons were generated as an incident of sales to the United States Government (i.e., Federal-related tailings). The Federal ratio of tailings (i.e., Federal reimbursement ratio) would be calculated in the following manner:

Federal-Related Tailings (millions of dry short tons)	/	**Total Tailings** (millions of dry short tons)	=	**Federal Reimbursement Ratio**
7.5	/	15.2	=	.493

Thus, the Federal reimbursement ratio which should be used to determine the Federal (i.e., reimbursable) portion of reclamation costs is .493.

B. SAMPLE CALCULATION OF FEDERAL-RELATED COSTS OF REMEDIAL ACTION

Once the total reimbursable costs of remedial action (Appendix A) and the Federal reimbursement ratio (above) are known, the licensee can calculate the Federal-related portion of costs of remedial action (i.e., the amount to claim for reimbursement). Using the examples found in Appendix A and the sample calculation above, the amount of reimbursable costs claimed should be:

Total Reimbursable Costs of Remedial Action	*	**Federal Reimbursement Ratio**	=	**Federal-Related Costs of Remedial Action**
$57,930.00	*	.493	=	$28,559.49.

APPENDIX C: SOURCES FOR FURTHER REFERENCE

This appendix provides licensees with information on other available reference materials relating to the Title X cost reimbursement process. These reference materials contain information useful to licensee managers in ensuring that their documentation and recordkeeping systems provide for accurate and complete recording and reporting of costs of remedial activities. Some of the materials do not specifically provide licensee guidance, but contain valuable background information. Items A and B are readily available through commercial retailers. Items C through G can be obtained from DOE's UMTRA Project Office. Each document is listed below with a brief synopsis.

A. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

The Generally Accepted Accounting Principles (GAAP) is a statement of the accounting principles established by an authoritative body. The Financial Accounting Standards Board (FASB) establishes accounting principles for nongovernment entities. Financial statement audits must provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows in accordance with generally accepted accounting principles.

B. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

The Generally Accepted Government Auditing Standards (GAGAS) is a statement of standards for audits of government organizations, programs, activities, and functions; and of government funds received by contractors, non-profit organizations, and other non-governmental organizations. These standards are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. The standards pertain to auditors' professional qualifications, the quality of audit efforts, and the characteristics of professional and meaningful audit reports.

GAGAS will be followed in conducting audits under the Title X program, due to the Federal source of funding.

C. URANIUM MILL TAILINGS RADIATION CONTROL ACT OF 1978 (UMTRCA)

This Act was passed in November of 1978 to provide DOE with the authority to undertake remedial action at "inactive" sites and at vicinity properties contaminated with residual radioactive material generated at a site. UMTRCA also established a program authorizing the Nuclear Regulatory Commission (NRC) to regulate byproduct material generated during processing operations at "active" processing sites (i.e., sites with active licenses under the Atomic Energy Act on or after January 1, 1978) to ensure sound management of tailings throughout the production, reclamation, and disposal phases.

D. TITLE X OF THE ENERGY POLICY ACT OF 1992 (TITLE X)

This Title under the Energy Policy Act establishes the authority and framework for providing Federal assistance to active licensees to address the cost of remediating mill tailings that were generated under contracts with the United States Government.

E. ATOMIC ENERGY ACT OF 1954, SECTION 2022(d)

This section of the Atomic Energy Act provides the NRC with the authority to approve a plan for conducting remedial activities at an "active" mill tailings site, as developed by the site licensee.

F. ATOMIC ENERGY ACT OF 1954, SECTION 274

This section of the Atomic Energy Act provides an Agreement State with the authority to approve a reclamation plan, pursuant to a discontinuance agreement with the NRC, for an "active" mill tailings site, as developed by the site licensee.

G. 10 CFR, PART 765, "Reimbursement for Costs of Remedial Action at Active Uranium and Thorium Processing Sites; Final Rule"

This part of 10 CFR establishes regulatory requirements governing reimbursement for certain costs of remedial action at active uranium or thorium processing sites as specified by Subtitle A of Title X of the Energy Policy Act of 1992. Additional discussion on these requirements is included in the May 23, 1994 Federal Register (59 FR 26714).

APPENDIX D: GLOSSARY OF TERMS

This appendix provides a glossary of terms pertaining to remedial activities. These terms are utilized throughout this guidance document, as defined below.

Agreement State: An Agreement State is any state that is or has been a party to a discontinuance agreement with NRC under section 274 of the Atomic Energy Act of 1954.

Costs of Remedial Action: This phrase is used to denote costs incurred by the licensee to perform decontamination, decommissioning, reclamation, and other remedial action at active uranium or thorium processing sites.

Direct Costs: Direct costs are those expenses that are incurred solely to support, or that can be directly attributed and therefore charged to remediation projects, activities, or cost centers.

Federal Reimbursement Ratio: The Federal reimbursement ratio is the ratio of Federal-related tailings (i.e., tailings generated as an incident of uranium or thorium sales to the United States) to total tailings present at an active uranium or thorium processing site on October 24, 1992, or by other means of attributing costs of remediation to byproduct material generated as an incident of sales to the United States which the DOE determines is equal to or better than the tonnage-based ratio.

Financial Management Systems: Financial management systems comprise the policies, procedures, and processes used to ensure sound financial management and accounting practices and results.

GAAP: Generally Accepted Accounting Principles.

GAGAS: Generally Accepted Government Auditing Standards.

Guidance Document: The term "guidance document" is used to refer to the *Guidance for Preparation of Reimbursement Claims under Title X of the Energy Policy Act.*

Indirect Costs: Indirect costs are those expenses that support remediation activities but are not directly assignable to remediation efforts' end products or processes, or that represent costs of outside operations not directly related or attributable to remediation efforts; and therefore, cannot be directly charged to remediation projects, activities, or cost centers.

Licensees: The term "licensees" is used to denote site owners licensed under section 62 or section 81 of the Atomic Energy Act of 1954 by NRC or an Agreement State pursuant to a discontinuance agreement with NRC, for any activity at an active uranium or thorium processing site which results, or has resulted, in the production of byproduct material.

Other Direct Costs: Other direct costs are defined in this guidance document as those costs which constitute direct costs, but do not fall under any of the other cost categories identified. The licensee is not required to use the exact cost categories suggested in this document. Therefore, the other direct

cost category may be used by the licensee to gather any costs which do not fall under any of the direct cost categories included in the licensee's reimbursement claim package.

Non-Reimbursable Costs: Non-reimbursable costs are those costs which are *not* incurred to perform activities in an NRC- or Agreement State-approved reclamation plan or other written authorization, regardless of whether or not the costs are legitimate costs of business.

NRC: Nuclear Regulatory Commission.

Reasonable Documentation: 10 CFR Part 765 states that claims for reimbursement must be supported by "reasonable" documentation. "Reasonable" documentation is defined as documentation that is consistent with the guidance provided throughout this document.

Reclamation Plan: A reclamation plan is a plan approved by NRC and/or an Agreement State, for conducting remedial activities at an active uranium or thorium processing site necessary to comply with UMTRCA and/or Agreement State requirements.

Reimbursable Costs: Reimbursable costs are those costs which are incurred to perform activities in an NRC- or Agreement State-approved reclamation plan or other written authorization.

Remediation Projects, Activities, or Cost Centers: The phrase "remediation projects, activities, or cost centers" denotes the accounting cost centers or pools to which remediation costs are charged. These will be unique to each of the licensee's financial management and accounting systems.

UMTRCA: Uranium Mill Tailings Radiation Control Act of 1978.