DOCKET NUMBER
PROPOSED RULE PR 170 2-171
(65 FR 16250)

DOCKETED
USNRC

2000 APR 11 PM 3:06

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HTE NORTHEAST INC.

Environmental Engineering
Geotechnical Engineering
Hydrogeology

April 4, 2000

U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

RE: NRC's Proposed FY 2000 Fee Rule

Gentlemen:

HTE Northeast, Inc. (HTE) would like to submit for your consideration the following comments regarding the Proposed FY 2000 Fee Rule, as outlined in NRC's March 16, 2000 Notice.

It is clear that the NRC has spent considerable resources in assessing the proposed fee increases, particularly with regard to Small Entity Fees. However, despite the efforts made on the NRC's part, it would still seem that there should be some additional or alternative considerations which could be made in determining fees for small businesses. The current system utilizes a two tier, gross receipts based system with a dividing line of $350,000. We have three comments regarding the current system. First, the upper tier groups small entities with gross receipts from $350,000 to $5,000,000, with a fee increase of $1,800 over the lower tier companies. It would seem that if there is to be a tiered system, one company should nor be burdened with the same fee as a company with fourteen times the gross receipts. Perhaps a multi tier system or a fee calculated based on individual gross receipts would be more fair to those companies falling within the lower range of the upper tier. Also, the current system considers gross receipts as the basis for determination of small entity status. Under this system, because no consideration is given to net receipts, companies with high subcontractor costs, resulting in a low net receipts, are given no different consideration than a company with little or no subcontractor costs, resulting in gross and net receipts being nearly equal. Finally, the current system does not take into consideration the percentage of receipts generated by regulated activities. Therefore, an engineering firm with two density gauges, which may generate five percent of gross receipts from nuclear density testing pays the same fee as a testing agency, which may generate the majority of their receipts from density testing. This places an unfair burden on the small engineering firms, which already struggle to compete with the large cut-rate testing agencies.

I believe it is fair to say that large increases in licensing fees, which are already more than considerably higher than state licensing fees, will eventually cause small companies such as ours to terminate our NRC licensing and potentially give up construction testing all together, which would, of course cause the NRC to further increase fees to make up the difference. Restructuring of the fee schedule or the methods used in determining small entity status would help to place the burden of recovery of the NRC's budget more evenly on the shoulders of companies which generate more profit

TEMPLATE = SECY-067 SECY-02

CONNECTICUT
303 Church Street, Suite 1
Guilford, CT 06437
Telephone/Fax: (203) 458-3227

NEW HAMPSHIRE
2 Cote Lane, Unit 1
Bedford, NH 03110
Telephone: (603) 668-1654 • Fax: (603) 668-0608
email: htenh@xtdl.com

NEW YORK
325 Shaker Road
Loudonville, NY 12211
Telephone: (518) 436-0051

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from conducting regulated activities. Also, perhaps it would be possible to look at areas where budget cuts could be made within the NRC before simply passing the burden along to the little guy. Or, perhaps shift the budget recovery more toward the large billion dollar industries which require significantly more regulating than a company of five employees and two nuclear density gauges.

Thank you for your time and consideration in reviewing our comments and concerns.

Very truly yours,

HTE NORTHEAST, INC.

Chris C. Cooley, PE
Project Manager

Charles E. Teale, PE
Principal

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