

From: E. William Brach
To: Glenda Jackson
Date: 3/8/01 1:47PM
Subject: Re: 1. Annual Fees.

Glenda, thank you for forwarding the draft for quick review before you issue as a draft for office comment later today. In the last paragraph of the draft below, I suggest that you stay with the reasons we enumerated in the fee Comm paper for the large increase in the transportation cost center. As I recall, the increase was primarily due to: (1) increased budgeted costs for the Part 71 rulemaking, (2) the redistribution of allocated costs for headquarters and the regional offices for allegation and enforcement activities, and (3) increased efforts to support risk reviews and analysis and safety goal considerations for transportation.

Bill

>>> Glenda Jackson 03/08/01 01:03PM >>>

Bill,

I would appreciate any feedback--anything else I can add--such as why the shift discussed in the last paragraph? 1. Annual Fees.

The NRC is proposing to establish new rebaselined annual fees for FY 2001. The Commission's policy commitment, made in the statement of considerations accompanying the FY 1995 fee rule (60 FR 32225; June 20, 1995) and further explained in the statement of considerations accompanying the FY 1999 fee rule (64 FR 31448; June 10, 1999), establishes that base annual fees will be reestablished (rebaselined) at least every third year, and more frequently if there is a substantial change in the total NRC budget or in the magnitude of the budget allocated to a specific class of licensees. The fees were last rebaselined in FY 1999. After carefully considering all factors, including the changes to the amount of the budget allocated to classes of licensees, and weighing the complex issues related to both fairness and stability of fees, the Commission has determined that it is appropriate to rebaseline its Part 171 annual fees this year. Rebaselining fees would result in reduced annual fees for a majority of the categories of licenses, and increased annual fees for other categories.

Although the NRC is sensitive to the effects the rebaselined fees will have on those licensees with fee increases, establishing new baseline annual fees this year would result in a more precise relationship between annual fees and NRC costs of providing services. It thus would constitute one means to fairly and equitably allocate costs among the NRC's licensees.

The annual fees in §§171.15 and 171.16 would be revised for FY 2001 to recover approximately 98 percent of the NRC's FY 2001 budget authority, less fees collected under 10 CFR Part 170 and funds appropriated from the NWF and the General Fund. The total amount to be recovered through annual fees for FY 2001 is \$338.1 million, compared to \$341.0 million for FY 2000.

The proposed FY 2001 annual fees would increase for some categories of licensees and decrease for others from the previous year. The decreases in annual fees range from approximately 0.4 percent for operating power reactor licensees (including the spent fuel storage/reactor decommissioning annual fee), to 29.0 percent for uranium recovery licensees, and 42 percent DOE UMTRCA activities. The increases in annual fees range from approximately 2.5 percent for materials licenses authorizing distribution of radiopharmaceuticals, to approximately 165.0 percent for transportation users.

Factors affecting the changes to the annual fee amounts include changes in budgeted costs affecting the classes of licensees, the reduction in the fee recovery rate from 100 percent for FY 2000 to 98 percent for FY 2001, the estimated Part 170 collections for the various classes of licensees, the increased hourly rates, decreases in the numbers of licensees for certain categories of licenses, and for the materials user class, the results of the biennial review of Part 170 fees required by the CFO Act. The

biennial review shows that the average number of professional hours to conduct inspections and to review new license applications for material licenses increased for some fee categories, decreased for others, or remained the same. The average time to conduct inspections and to review new license applications for the materials user license fee categories are used to allocate the materials budget for rebaselining the annual fees because they serve as accurate measures to reflect the complexity of the licensing. Increases in the average professional time for inspections and reviews of new license applications result in higher annual fees for the affected fee categories, assuming all else remains the same (e.g., no loss of licensees).

One of the major factors affecting the annual fee for transportation users, who would have the largest percentage increase, is the budgeted costs for the current Part 71 rulemaking. In addition, there has been a shift in the distribution of the budgeted costs associated with quality assurance reviews and Part 71 vendor inspections. The budgeted costs for these activities are used to allocate the total annual fee amount for the transportation class, less the amount allocated to DOE for its certificates of compliance, between the quality assurance approvals authorizing use only and those that authorize use and fabrication/design.

(BILL BRACH)

CC: CAS1; CXL; JTG1; Kel1; SFS