

To: Emile Julian, SECY
Appropriate Action



Entergy

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May 12, 2003

May 22, 2003 (11:15AM)

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

Mr. William D. Travers
Executive Director for Operations
U. S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Subject: Proposed Rule: *Revision of Fee Schedules: Fee Recovery for FY 2003.*
Federal Register Vol. 68, No. 64, Pages 16374 – 16395 dated April 3, 2003

Dear Mr. Travers:

I am writing to you on behalf of the Entergy Nuclear fleet (Arkansas Nuclear One, Units 1&2, James A. Fitzpatrick Nuclear Power Plant, Grand Gulf Nuclear Station, Indian Point 2&3 Nuclear Power Plants, Pilgrim Nuclear Power Station, Vermont Yankee Nuclear Power Station, and Waterford 3 Steam Electric Station) to bring to your attention our concerns about the proposed 2003 fee increases and underlying process concerns.

Entergy plants recently submitted our comments in the above captioned matter to the Secretary of the Commission. We believe NRC's ongoing reform efforts appear to be producing significant improvements in the agency's approach to regulation. As well, industry performance is at or above historically high levels. We believe changes in NRC's regulatory approach and the industry's continued excellent performance should result in on-going opportunities for the NRC to increase its efficiency.

Entergy believes NRC's approach to generic fee assessment disproportionately allocates recovery of NRC expenditures. Approximately 76% of the NRC's budget is recovered under 10CFR Part 171 and only 24% under the discrete fee provisions of 10CFR Part 170 which directly support operating power reactors. NRC should revise Parts 170 and 171 to discretely allocate generic program costs to individual dockets. This would enable stakeholders to provide more effective feedback on the efficiency of regulatory activities.

A significant portion of the FY2003 increase is attributable to NRC security increases. The president's FY2003 budget requested that NRC's funding for homeland security activities continue to be excluded from the fee as it was in 2002. We believe these costs to support homeland security activities should be funded through the general treasury – not user fees – as part of the nation's protection of critical infrastructure.

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Entergy and most licensees establish their budgets prior to the start of the fiscal year. The NRC publishes its fee structure in the 3rd quarter of its fiscal year and retroactively balances its collections in its last quarter. This results in the NRC fee increases impacting each of our station budgets well after they were initially set. We ask if the NRC could consider shifting their process by 1 year (e.g., the 2003 fee collection was in fact the 2004 projection). In this way, each licensee would only see 25% of a proposed increase "out of budget" (instead of 125%) since the government fiscal year starts one fiscal quarter before most licensees' fiscal (calendar) year. Prior year shortfalls could still be made up in the following fiscal year.

Thank you for the opportunity to provide these comments. Entergy endorsed the comments submitted by the Nuclear Energy Institute on behalf of the commercial nuclear industry. We look forward to increased agency efficiency and more effective use of resources from a reduced and more equitable fee structure.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary J. Taylor". The signature is fluid and cursive, with the first name "Gary" being more prominent.

Gary J. Taylor
President and Chief Executive Officer

GJT/LAE/bal

cc: See Next Page

cc: Mr. C. G. Anderson (ANO)
Mr. R. M. Bellamy (PNP)
Mr. J. L. Blount (ECH)
Mr. W. R. Campbell (ECH)
Mr. J. Colvin (NEI)
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Mr. T. W. Alexion, Project Manager, ANO-2
Mr. S. T. Hoffman, NRC Project Manager
Mr. N. Kalyanam, Project Manager, W-3
Mr. E. W. Merschoff, Administrator, Region IV
Mr. P. Milano, Sr. Project Manager, IP2 & 3
Mr. H. J. Miller, Regional Administrator, Region I
Mr. J. L. Minns, Project Manager, IP1 & ANO-1
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