



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 26, 2004

CHIEF FINANCIAL
OFFICER

The Honorable David L. Hobson, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Omnibus Budget Reconciliation Act of 1990, as amended, requires that the U.S. Nuclear Regulatory Commission (NRC) recover approximately 92 percent of its FY 2004 budget authority, less the appropriation from the Nuclear Waste Fund, by assessing license and annual fees. The NRC is required to recover approximately \$545.6 million in FY 2004. The fee recovery amount is reduced by a \$3.5 million carryover from additional collections in FY 2003 that were unanticipated at the time the final FY 2003 fee rule was published. This leaves approximately \$542.1 million to be recovered in FY 2004 through part 170 licensing and inspection fees, part 171 annual fees, and other offsetting receipts.

In order to comply with the law, the Commission is amending its fee regulations in 10 CFR Parts 170 and 171. The proposed amendments to 10 CFR Part 170 would revise the professional hourly rates and "flat" licensing fees to reflect the costs of providing NRC licensing services to applicants and licensees.

The proposed amendments to 10 CFR Part 171 would establish the amount of the FY 2004 annual fees to be assessed to reactor licensees, fuel cycle licensees, transportation certificate holders, and materials licensees to recover costs not recovered through 10 CFR Part 170 fees. The FY 2004 proposed annual fees would increase for three classes of licensees (power reactors, rare earth mills, and transportation), and decrease for three class of licensees (spent fuel storage/reactor decommissioning, non-power reactors, and fuel facilities). For the uranium recovery and small materials classes, some of the categories of licenses would decrease and others would increase. Factors affecting the changes to the annual fee amounts include: adjustments in budgeted costs for the different classes; the reduction in the fee recovery amount from 94 percent for FY 2003 to 92 percent for FY 2004; the estimated part 170 collections for various classes of licenses; the decrease in the number of licensees for certain categories of licenses; and the \$3.5 million carryover.

Those NRC licensees that can qualify as a small entity under NRC's size standards will continue to be eligible to pay reduced annual fees.

Enclosed is a copy of the proposed rule which is being transmitted to the *Federal Register* for publication. The notice provides for a 30-day public comment period.

Sincerely,



Jesse L. Funches
Chief Financial Officer

Enclosure: Proposed Revision to
10 CFR Parts 170 and 171

cc: Representative Peter J. Visclosky

Those NRC licensees that can qualify as a small entity under NRC's size standards will continue to be eligible to pay reduced annual fees.

Enclosed is a copy of the proposed rule which is being transmitted to the *Federal Register* for publication. The notice provides for a 30-day public comment period.

Sincerely,

/RA/

Jesse L. Funches
Chief Financial Officer

Enclosure: Proposed Revision to
10 CFR Parts 170 and 171

cc: Representative Peter J. Visclosky

Distribution:

OCA/RF OCFO/DFM/LFT RF
OCFO/RF (2003-470) OCFO/DFM RF (DAF 3-192)
OCFO/SF OCFO/DFM SF (LF-1.32)

IDENTICAL LETTERS SENT TO ATTACHED LIST

ADAMS - Yes/No SENSITIVE/NON-SENSITIVE PUBLIC/NON-PUBLIC Initials - AME

G:\DFMLFT\Fee Policy\2004P_CONGRESSIONAL LTRS.WPD

ML040270054

(To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy.)

OFFICE	OCFO/DFM/LFT <input checked="" type="checkbox"/>	OCFO/DFM/LFT	OCFO/DFM <input checked="" type="checkbox"/>	OCFO/DFM	DCFO <input checked="" type="checkbox"/>	DCFO	OCA <input checked="" type="checkbox"/>	OCA	CFO <input checked="" type="checkbox"/>
NAME	ANorris <i>an</i>	RC <i>[Signature]</i>	ARossi <i>an</i>	CD <i>[Signature]</i>	PJRabideau <i>[Signature]</i>	LEPortner	JLFunches		
DATE	1/20/04	1/20/04	1/20/04	1/20/04	1/20/04	1/20/04	1/20/04		

OFFICIAL RECORD COPY

Mr
1/21