[7590-01-P]

NUCLEAR REGULATORY COMMISSION

10 CFR Parts 170 and 171

RIN: 3150-AH37

Revision of Fee Schedules; Fee Recovery for FY 2004

AGENCY: Nuclear Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Nuclear Regulatory Commission (NRC) is amending the licensing, inspection, and annual fees charged to its applicants and licensees. The amendments are necessary to implement the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended, which requires that the NRC recover approximately 92 percent of its budget authority in fiscal year (FY) 2004, less the amounts appropriated from the Nuclear Waste Fund (NWF). The amount to be recovered for FY 2004 is approximately $545.3 million.

EFFECTIVE DATE: (Insert date 60 days after publication).

ADDRESSES: The comments received and the NRC's work papers that support these final changes to 10 CFR Parts 170 and 171 are available electronically at the NRC's Public Electronic

Reading Room on the Internet at http://www.nrc.gov/reading-rm/adams.html. From this site, the public can gain entry into the NRC's Agencywide Documents Access and Management System (ADAMS), which provides text and image files of NRC's public documents. For more information, contact the NRC Public Document Room (PDR) Reference staff at 1-800-397-4209, or 301-415-4737, or by email to pdr@nrc.gov. If you do not have access to ADAMS or if there are problems in accessing the documents located in ADAMS, contact the PDR.

Comments received may also be viewed via the NRC's interactive rulemaking website (http://ruleforum.llnl.gov). This site provides the ability to upload comments as files (any format), if your web browser supports that function. For information about the interactive rulemaking site, contact Ms. Carol Gallagher, 301-415-5905; e-mail CAG@nrc.gov.

For a period of 90 days after the effective date of this final rule, the work papers may also be examined at the NRC Public Document Room, Room O-1F22, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738. The PDR reproduction contractor will copy documents for a fee.

FOR FURTHER INFORMATION CONTACT: Tammy Croote, telephone 301-415-6041; Office of the Chief Financial Officer, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555-0001.

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I. Background

For FYs 1991 through 2000, OBRA-90 (42 U.S.C. 2214), as amended, required that the NRC recover approximately 100 percent of its budget authority, less the amount appropriated from the U.S. Department of Energy (DOE) administered NWF, by assessing fees. To address fairness and equity concerns raised by the NRC related to charging NRC license holders for agency budgeted costs that do not provide a direct benefit to the licensee, the FY 2001 Energy and Water Development Appropriations Act (Pub. L. 106-377) amended OBRA-90 to decrease the NRC's fee recovery amount by 2 percent per year beginning in FY 2001, until the fee recovery amount is 90 percent in FY 2005. As a result, the NRC is required to recover approximately 92 percent of its FY 2004 budget authority, less the amounts appropriated from the NWF, through fees. The Energy and Water Development Appropriations Act, 2004 (Pub. L. 108-137), was adjusted by the Consolidated Appropriations Act, 2004 (Pub. L. 108-199), Division H, Section 168(b) to authorize a 0.59 percent across-the-board rescission of NRC's net budget authority. The amount appropriated to the NRC for FY 2004 is $625.6 million. This sum

includes $32.9 million appropriated from the NWF. The total amount NRC is required to recover in fees for FY 2004 is approximately $545.3 million.

The NRC assesses two types of fees to meet the requirements of OBRA-90, as amended. First, license and inspection fees, established in 10 CFR Part 170 under the authority of the Independent Offices Appropriation Act of 1952 (IOAA), 31 U.S.C. 9701, recover the NRC's costs of providing special benefits to identifiable applicants and licensees. Examples of the services provided by the NRC for which these fees are assessed are the review of applications for new licenses, and for certain types of existing licenses, the review of renewal applications, the review of amendment requests, and inspections. Second, annual fees, established in 10 CFR Part 171 under the authority of OBRA-90, recover generic and other regulatory costs not otherwise recovered through 10 CFR Part 170 fees.

II. Response to Comments

The NRC published the FY 2004 proposed fee rule on February 2, 2004 (69 FR 4865) to solicit public comment on its proposed revisions to 10 CFR Parts 170 and 171. The NRC received 11 comments dated on or before the close of the comment period (March 3, 2004) and three additional comments thereafter, for a total of 14 comments that were considered in this fee rulemaking. The comments have been grouped by issues and are addressed in a collective response.

A. Legal Issues.

Information Provided by NRC in Support of Proposed Rule.

Comment. Several commenters urged the NRC to provide licensees and the public with a more detailed explanation of the activities and associated costs that form the basis for NRC's fees. These commenters stated that the NRC should inform stakeholders of the costs associated with each component of reactor regulation and all other generic costs in sufficient detail to enable them to provide meaningful comment on the proposed fee rules. The commenters stated that the NRC should provide an itemized accounting of the major elements that comprise the annual fee, including detailed information on the outstanding major contracts, their purpose, and their costs.

These commenters further stated that industry's ability to evaluate the NRC's application of resources and priorities is impeded because the NRC allocated 74 percent of its recoverable budget to the generic assessment under part 171, while only 26 percent is recovered under the discrete fee provisions of part 170. Similarly, another commenter stated that it is "inaccurate to assume" that a large majority of budget increases are not directly related to licensees and should therefore only be recovered through general annual fees. This commenter stated these costs should instead be allocated to individual licensees.

Response. Consistent with the requirements of OBRA-90, as amended, the purpose of this rulemaking is to establish fees necessary to recover 92 percent of the NRC's FY 2004 budget authority, less the amounts appropriated from the NWF, from applicants and the various classes of NRC licensees. The proposed rule described the types of activities included in the proposed fees and explained how the fees were calculated to recover the budgeted costs for those activities. Therefore, the NRC believes that ample information was available on which to base

constructive comments on the proposed revisions to parts 170 and 171 and that its fee schedule development is a transparent process.

In addition to the information provided in the proposed rule, the supporting work papers were available for public examination in the NRC's Agencywide Documents Access and Management System (ADAMS) and, during the 30-day comment period, in the NRC Public Document Room at One White Flint North, 11555 Rockville Pike, Rockville, MD. The work papers show the total budgeted full time equivalent (FTE) and contract costs at the planned accomplishment level for each agency activity. The work papers also include extensive information detailing the allocation of the budgeted costs for each planned accomplishment within each program of each strategic arena to the various classes of licenses, as well as information on categories of costs included in the hourly rate.

The NRC has also made available in the Public Document Room NUREG-1100, Volume 19, "Budget Estimates and Performance Plan, Fiscal Year 2004" (February 2003), which discusses the NRC's budget for FY 2004, including the activities to be performed in each strategic arena. This document is also available on the NRC public web site at http://www.nrc.gov/reading-rm.html. The extensive information available to the public meets all legal requirements and the NRC believes it has provided the public with sufficient information on which to base their comments on the proposed fee rule. Additionally, the contacts listed in the proposed fee rule were available during the public comment period to answer any questions that commenters had on the development of the proposed fees.

The NRC notes that, regarding the comments that expressed concern that too much of the NRC's budget was designated for recovery under part 171, it assesses part 170 fees under the

IOAA, and consistent with Office of Management and Budget (OMB) Circular A-25, to recover the costs incurred from each identifiable recipient for special benefits derived from Federal activities beyond those received by the general public. Further, the NRC notes that, as required by OBRA-90, the part 171 annual fee recovery amounts are offset by the estimated part 170 fee collections. The NRC is not at liberty to allocate fees indiscriminately between parts 170 and 171, because fee allocation is controlled by statute. Generic costs that do not provide special benefits to identifiable recipients cannot be recovered under part 170. The NRC's workpapers clearly set forth the components of these generic costs and how those costs are recovered through annual fees. Additionally, the NRC notes that it has taken action to maximize the amount recovered under part 170, consistent with existing Federal law and policy. For example, in FY 1998 the NRC began charging part 170 fees for all resident inspectors' time and in FY 1999 the NRC started charging part 170 fees for all project manager activities associated with oversight of the assigned license or plant. In FY 2003, the NRC also amended its regulations to allow the NRC to recover costs associated with contested hearings on licensing actions involving U.S. Government national security initiatives through part 170 fees assessed to the affected applicant or licensee (67 FR 64033; October 17, 2002). Included under this provision are activities involving the fabrication and use of mixed oxide fuel. Thus, contrary to one commenter's assertion, rather than assuming that "a large majority of budget increases are not directly related to licensees and should therefore only be recovered through general annual fees," the NRC seeks whenever possible, consistent with applicable law, to align its fee billing with the identifiable recipient of the benefit provided.

B. Specific Part 170 Issues.

Reciprocity Fees.

Comment. One commenter noted that Washington State licensees will experience a $200 fee increase (from $1,400 to $1,600) when seeking reciprocity from the NRC. The commenter also noted that the proposed fee increases are warranted and appropriate.

Response. The NRC acknowledges the commenter's support of the NRC's establishment of fees. The NRC does note, however, that the comment is in error as to any increases in this fee. The reciprocity fee for Agreement State licensees who conduct activities under the reciprocity provisions of §150.20 remains $1,500 in FY 2004, the same as it was in FY 2003, as set forth in the FY 2004 proposed fee rule. This fee is listed in the Schedule of Materials Fees at §170.31, category 16.

C. Specific Part 171 Issues.

1. Annual Fees for Materials Users, Including Small Entities.

Comment. One commenter, who is an operator of a small radiology and nuclear medicine outpatient laboratory, expressed concerns regarding fee increases for medical facilities. The commenter stated that there are many cost pressures on these facilities, and it is becoming more difficult for these facilities to operate profitably. The commenter expressed concern that increasing fees could result in decreasing the availability of quality healthcare in many areas of the country due to these types of medical facilities having to close.

Response. The NRC recognizes the concerns raised by the commenter regarding cost pressures on the healthcare industry. Only one category of medical licenses will pay a higher fee for FY 2004 than they paid in FY 2003. The annual fees for category 7B went from $24,700

to $25,000 under §171.16. The fees decreased slightly for three categories of medical licenses (category 7A under §§170.31 and 171.16, and category 7C under §171.16), and remained the same in two instances (category 7B and 7C under §170.3). Since FY 1991, when the 100 percent fee recovery requirement was first implemented, the NRC has recognized that the assessment of fees to recover the NRC's costs may result in a substantial financial hardship for some licensees. However, consistent with the OBRA-90 requirement that annual fees must have, to the maximum extent practicable, a reasonable relationship to the cost of providing regulatory services, the NRC's annual fees for each class of license reflect the NRC's budgeted cost of its regulatory services to the class. The NRC determines the budgeted costs to be allocated to each class of licensee through a comprehensive review of every planned accomplishment in each of the agency's major program areas. Furthermore, a reduction in the fees assessed to one class of licensees would require a corresponding increase in the fees assessed to other classes. Accordingly, the NRC has not based its annual fees on licensees' economic status, market conditions, or the inability of licensees to pass through the costs to its customers. Instead, the NRC has only considered the impacts that it is required to address by law.

The NRC notes that a medical (or any other type) facility qualifies for reduced annual fees if it meets the criteria for being a small entity, as established in 10 CFR 2.810. The NRC provides these reduced annual fees based on the provisions of the Regulatory Flexibility Act (RFA). The NRC last re-examined its small entity fees in its FY 2003 final fee rule (68 FR 36714; June 18, 2003), in which the NRC determined that the current small entity fees of $500 and $2,300

continued to meet the objective of providing relief to many small entities while recovering from them some of the NRC costs associated with regulatory activities that benefit these licensees.

2. Annual Fees for Uranium Recovery Licensees.

Comment. The NRC received two comments regarding annual fees for uranium recovery licensees. These comments supported the continuation of the 2002 determination that the Department of Energy must be assessed one-half of all NRC budgeted costs attributed to generic/other activities for the uranium recovery program. These commenters also supported the proposed fee structure for annual fees for Title II specific licensees as a fair and equitable arrangement for the uranium recovery industry in the United States. The commenters indicated that this fee structure will relieve a substantial burden on the remaining existing uranium mills in the United States as they await higher uranium prices that would allow them to resume full operation.

Response. The NRC appreciates the support it received regarding uranium recovery license fees. This final rule reflects the same methodology for calculating annual fees for uranium recovery licensees as set forth in the proposed rule. This methodology is described in more detail in Section III.B.1.b. below. This methodology has resulted in FY 2004 annual fees of $14,500 for Class I licensees (conventional mills), $12,900 for Class II (solution mining) and 11e.(2) disposal incidental to existing tailings sites licensees, and $12,800 for 11e.(2) disposal licensees. Some of these fees are slightly lower than those set forth in the FY 2004 proposed fee rule because fewer budgeted resources were allocated to these categories in light of the 0.59 percent across the board rescission of NRC's net budget authority enacted under the Consolidated Appropriations Act, 2004.

3. Annual Fees for Power Reactor Licensees.

Comment. One commenter stated that NRC fees represent a nontrivial percentage of a nuclear station's annual operating budget. This commenter stated that NRC fees place an even heavier burden, as a percentage of total plant operating and maintenance costs, on plants with comparatively smaller electrical output. The commenter suggested that NRC revisit its current annual fee assessment scheme for reactors, possibly basing a plant's annual fee on its licensed thermal power fraction of the total licensed thermal power of all 103 reactors with operating licenses.

Response. As required, by statute, the NRC's annual fees must "to the maximum extent practicable," bear a "reasonable relationship to the cost of providing regulatory services and may be based on the allocation of the Commission's resources among licensees or classes of licensees." 42. U.S.C. 2214(c)(3). The NRC's part 171 annual fee per power reactor is derived by dividing the budgeted costs allocated to that class by the number of power reactors. (Note that this fee applies to all power reactors licensed to operate (currently 104) by the NRC.) Each power reactor is assessed an equal portion of the generic costs allocated to that class of licensee. Before FY 1995, the NRC did not assess uniform annual fees to reactors, but rather determined a reactor's annual fee based on a detailed analysis of vendor group, location, and other factors, such as type of containment. However, the NRC streamlined its fee program in FY 1995 (60 FR 32218; June 20, 1995) by establishing a uniform annual fee for power reactors, based on the fact that the difference in fees resulting from this more detailed analysis was small relative to the size of the annual fee per reactor. The NRC continues to believe that this uniform fee is a fair and equitable way to recover the generic costs allocated to the power reactor class

and that, in general, any difference in generic costs attributable to one power reactor as compared to another power reactor is not significant. Hence, the NRC does not believe that a change to its power reactor annual fee calculation methodology is justified.

D. Other Issues.

1. Recovery of Security Costs.

Comment. Several commenters strongly objected to the NRC collecting security-related costs from licensees. These commenters stated that homeland security issues related to nuclear power plants are part of the U.S. government's overall responsibility to protect its critical infrastructure, and hence these costs should be excluded from the fee structure and funded through the general treasury. These commenters noted that the nuclear industry has already incurred significant security costs, and that these costs have not been reimbursed by the Federal government, unlike what has occurred for other industries. While the commenters stated that they recognized the public benefit of enhancing the already strong security at nuclear facilities, they thought it fundamentally unfair to require licensees to pay for the NRC's additional security-related oversight.

Some commenters noted that power reactor licensees would face an increase in annual fees in FY 2004, mostly due to homeland security. These commenters noted that while the NRC has received relief under the FY 2001 Energy and Water Development Appropriations Act to address concerns regarding the recovery of costs not directly attributable to a class of licensees, the practical effect of the inclusion of the costs of homeland security activities negates the fee relief provided. Some commenters also stated that they believe the resources allocated to

security, particularly in terms of FTE, were too large and did not maximize NRC efficiency and effectiveness. Some commenters also stated that they believe NRC's needed security resources should decrease once activities related to the April 2003 orders were concluded.

Because of concerns raised regarding homeland security activities and their cost recovery, these comments urged the NRC to continue to engage the Department of Homeland Security and congressional leaders to achieve a more equitable outcome for NRC licensees.

Response. The NRC appreciates the concerns raised by commenters regarding homeland security costs being funded through license fees. However, the NRC's required fee recovery is set by statute and therefore, is outside the scope of this rulemaking. The Energy and Water Development Appropriations Act, 2004, as amended by the Consolidated Appropriations Act, 2004, appropriated to the NRC $625.6 million for FY 2004. This sum includes $32.9 million appropriated from the NWF. OBRA-90, as amended by the FY 2001 Energy and Water Development Appropriations Act, requires the NRC to recover 92 percent of its budget, less the NWF. The total amount NRC is required to recover in fees for FY 2004 is approximately $545.3 million.

The NRC has supported previous legislative efforts to remove homeland security costs from the fee base, and continues to do so. In the 2003 Congressional session, an Energy Policy Bill (H.R.6) was introduced that would amend OBRA-90 to remove many homeland security costs from the fee base (except homeland security costs associated with fingerprinting, background checks, and security inspections). In its August 29, 2003, letter to the House Committee on Energy and Commerce, the Commission supported the fee recovery provisions of the Energy Policy Bill. The House has approved the Energy Policy Bill produced by the conference

committee and the Senate started debate on the conference committee report. However, as of the date of this rule, no further action has been taken by the Senate or House on this bill. The successor to H.R.6, S.2095, introduced in the current session of Congress, also would remove many homeland security costs from the fee base. The NRC continues to support legislative efforts to remove homeland security costs from the fee base.

In response to the comments that expressed concern regarding how the NRC is expending homeland security funds, as stated previously, the NRC's budget and manner in which the NRC carries out its activities are not within the scope of this rulemaking. The NRC notes that its FY 2005 budget request for homeland security direct resources is $41.9 million, which is down from the FY 2004 budget of $51.1 million. This decrease reflects the completion of work on vulnerability assessments and mitigating strategies and the completion of the reviews of nuclear power plant security plans that include the revised design-basis threat.

2. NRC Budget.

Comment. Some commenters stated that NRC fees should reflect NRC efficiencies and provided suggestions for reducing NRC's budget and for more efficient/different use of NRC's resources. Many of these comments addressed expenditures on homeland security, while others suggested more generally that NRC reduce expenditures, streamline processes, or otherwise perform activities more efficiently, without impeding operational safety. Commenters suggested that changes in NRC's regulatory approach, such as the reactor oversight process, as well as revised inspection, assessment and enforcement processes, should result in reduced fees. Some comments included suggestions to reallocate resources dedicated to inspection of areas of plants that have little or no safety significance, to efforts to risk-inform regulations,

review license renewal applications and license new reactor designs. These comments also suggested that fewer resources should be applied to the oversight of materials licensees, because NRC Agreement States have taken over some of this work, and that NRC could enhance efficiency by accepting the groundwater quality assessments conducted by a state or the Environmental Protection Agency instead of performing them with NRC staff. These comments further encouraged NRC to proceed expeditiously to apply, as appropriate, the Reactor Oversight Process to fuel cycle licensees (uranium recovery, conversion, enrichment and fuel fabrication). Some comments expressed concern that while the NRC's obligation to recover its budget authority through fees decreases by 2 percent each year [until it reaches 10 percent in 2005], the total budget increase has more than offset this decrease.

Response. The NRC's budget and the manner in which the NRC carries out its activities are not within the scope of this rulemaking. Therefore, this final rule does not address the commenters' suggestions concerning the NRC's budget and the use of NRC resources. The NRC's budget is submitted to the Office of Management and Budget and to Congress for review and approval. The Congressional budget process affords stakeholders and the public opportunities to comment, including oversight meetings, testimony, press briefings, etc. The Congressionally-approved budget resulting from this process reflects the resources deemed necessary for NRC to carry out its statutory obligations. In compliance with OBRA-90, the fees are established to recover the required percentage of the approved budget. However, the NRC will continue efforts to ensure that the NRC carries out its statutory obligations in an efficient manner.

3. <u>Fee Rule Communication and Timing</u>.

Comment. Several commenters raised concerns that the timing of issuance of the fee rule makes it difficult for licensees to plan for regulatory expenses within the framework of their normal budget cycles, while recognizing that, for FY 2004, the NRC published its proposed fee rule about two months earlier than last year. To address this issue, commenters suggested that the NRC publish an estimate of fees for the following year, coincident with issuance of the proposed fee rule each year. The commenters recognized that while it would likely be impossible for the NRC to offer exact projections, the Commission should be able to develop reasonable estimates of the next year's fees.

Response. The NRC acknowledges the concerns raised by these commenters. However, because the NRC does not know in advance what its future budgets will be (i.e., proposed budgets must be submitted to the Office of Management and Budget for its review before the President submits the budget to Congress for enactment), the NRC believes it is not practicable to project fees based on future estimated budgets. The NRC will continue to strive to issue its fee regulations as early in the fiscal year as is practicable to give as much time as possible for licensees to plan for changes in fees.

III. Final Action

The NRC is amending its licensing, inspection, and annual fees to recover approximately 92 percent of its FY 2004 budget authority less the appropriations received from the NWF. The NRC's total budget authority for FY 2004 is $625.6 million, of which approximately $32.9 million has been appropriated from the NWF. Based on the 92 percent fee recovery requirement, the NRC must recover approximately $545.3 million in FY 2004 through part 170 licensing and inspection fees, part 171 annual fees, and other offsetting receipts. The total amount to be

recovered through fees and other offsetting receipts for FY 2004 is $19.0 million more than the amount estimated for recovery in FY 2003.

The FY 2004 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 $541.8 million to be recovered in FY 2004 through part 170 licensing and inspection fees, part 171 annual fees, and other offsetting receipts.

The NRC estimates that approximately $149.9 million will be recovered in FY 2004 from part 170 fees and other offsetting receipts. For FY 2004, the NRC also estimates a net adjustment of approximately $2.0 million for FY 2004 invoices that the NRC estimates will not be paid during the fiscal year, and for payments received in FY 2004 for FY 2003 invoices. The remaining $389.9 million will be recovered through the part 171 annual fees, compared to $396.8 million for FY 2003.

The primary reason for the increase in total fees for FY 2004 is that the amount to be recovered for FY 2004 includes $51.1 million for homeland security activities, compared to $35.4 million in FY 2003. Other reasons for the fee increases include the 2004 Federal pay raise and the increased resources for reactor license renewals and new reactor licensing.

Table I summarizes the budget and fee recovery amounts for FY 2004. Due to rounding, adding the individual numbers in the table may result in a total that is slightly different than the one shown.

TABLE I. - BUDGET AND FEE RECOVERY AMOUNTS FOR FY 2004

[Dollars in millions]

Total Budget Authority	$625.6
Less NWF	- 32.9
Balance	$592.7
Fee Recovery Rate for FY 2004	x 92.0%
Total Amount to be Recovered For FY 2004	$545.3
Less Carryover from FY 2003	- 3.5
Amount to be Recovered Through Fees and Other Receipts	$541.8
Less Estimated Part 170 Fees and Other Receipts	- 149.9
Part 171 Fee Collections Required	$391.9
Part 171 Billing Adjustments	
Unpaid FY 2004 Invoices (estimated)	2.7
Less Payments Received in FY 2004 for Prior Year Invoices (estimated)	- 4.7
Subtotal	- 2.0
Adjusted Part 171 Collections Required	$389.9

The FY 2004 final fee rule is a "major rule" as defined by the Small Business Regulatory Enforcement Fairness Act of 1996. Therefore, the NRC's fee schedules for FY 2004 will become effective 60 days after publication of the final rule in the *Federal Register*. The NRC will send an invoice for the amount of the annual fee to reactors and major fuel cycle facilities upon publication of the FY 2004 final rule. For these licensees, payment will be due on the effective date of the FY 2004 rule. Those materials licensees whose license anniversary date during FY 2004 falls before the effective date of the final FY 2004 rule will be billed for the annual fee during the anniversary month of the license at the FY 2003 annual fee rate. Those materials

licensees whose license anniversary date falls on or after the effective date of the final FY 2004 rule will be billed for the annual fee at the FY 2004 annual fee rate during the anniversary month of the license, and payment will be due on the date of the invoice.

The NRC has discontinued mailing the final fee rule to all licensees as a cost saving measure, in accordance with its FY 1998 announcement. Accordingly, the NRC does not plan to routinely mail the FY 2004 final fee rule or future final fee rules to licensees. However, the NRC will send the final rule to any licensee or other person upon specific request. To request a copy, contact the License Fee Team, Division of Financial Management, Office of the Chief Financial Officer, at 301-415-7554, or e-mail fees@nrc.gov. In addition to publication in the *Federal Register*, the final rule will be available on the Internet at http://ruleforum.llnl.gov for at least 90 days after the effective date of the final rule.

The NRC is amending 10 CFR Parts 170 and 171 as discussed in Sections A and B below.

A. Amendments to 10 CFR Part 170: Fees for Facilities, Materials, Import and Export Licenses, and Other Regulatory Services Under the Atomic Energy Act of 1954, As Amended.

The NRC is revising the hourly rates used to calculate fees and to adjust the part 170 fees based on the revised hourly rates.

The amendments are as follows:

1. Hourly Rates

The NRC is revising the two professional hourly rates for NRC staff time established in §170.20. These rates are based on the number of FY 2004 direct program full time equivalents (FTEs) and the FY 2004 NRC budget, excluding direct program support costs and NRC's appropriations from the NWF. These rates are used to determine the part 170 fees. The rate for the reactor program is $157 per hour ($278,957 per direct FTE). This rate is applicable to all activities for which fees are assessed under §170.21 of the fee regulations. The rate for the materials program (nuclear materials and nuclear waste programs) is $156 per hour ($276,598 per direct FTE). This rate is applicable to all activities for which fees are assessed under §170.31 of the fee regulations. In the FY 2003 final fee rule, the reactor and materials program rates were $156 and $158, respectively.

The primary reason for the increase to the reactor rate is the salary and benefits increase that results primarily from the Government-wide pay raise. While salary and benefits also increase for the materials program, the increase is offset by a reduction in overhead costs and allocated agency management and support costs under this program.

The method used to determine the two professional hourly rates is as follows:

a. Direct program FTE levels are identified for the reactor program and the materials program (nuclear materials and nuclear waste programs). All program costs, except contract support, are included in the hourly rate for each program by allocating them uniformly by the

total number of direct FTEs for the program. Direct contract support, which is the use of contract or other services in support of the line organization's direct program, is excluded from the calculation of the hourly rates because the costs for direct contract support are recovered through part 170 fees.

b. All non-program direct costs for management and support and the Office of the Inspector General, are allocated to each program based on that program's costs.

This method results in the following costs which are included in the hourly rates. Due to rounding, adding the individual numbers in the table may result in a total that is slightly different than the one shown.

TABLE II. - FY 2004 BUDGET AUTHORITY TO BE INCLUDED IN HOURLY RATES

	Reactor program	Materials program
Direct Program Salaries & Benefits	$145.6M	$35.4M
Overhead Salaries & Benefits,		
Program Travel and Other Support	69.9M	16.7M
Allocated Agency Management and Support	120.3M	29.1M
Subtotal	$335.8M	$81.1M
Less Offsetting Receipts	-0.1M	-0.00M
Total Budget Included in Hourly Rate	$335.7M	$81.1M
Program Direct FTEs	1203.4	293.4

Rate per Direct FTE	$278,957	$276,598
Professional Hourly Rate (Rate per direct FTE divided by 1,776 hours)	$157	$156

As shown in Table II, dividing the $335.7 million budgeted amount (rounded) included in the hourly rate for the reactor program by the reactor program direct FTEs (1203.4) results in a rate for the reactor program of $278,957 per FTE for FY 2004. The Direct FTE Hourly Rate for the reactor program will be $157 per hour (rounded to the nearest whole dollar). This rate is calculated by dividing the cost per direct FTE ($278,957) by the number of productive hours in one year (1,776 hours) as set forth in the revised OMB Circular A-76, "Performance of Commercial Activities." Similarly, dividing the $81.1 million budgeted amount (rounded) included in the hourly rate for the materials program by the program direct FTEs (293.4) results in a rate of $276,598 per FTE for FY 2004. The Direct FTE Hourly Rate for the materials program will be $156 per hour (rounded to the nearest whole dollar). This rate is calculated by dividing the cost per direct FTE ($276,598) by the number of productive hours in one year (1,776 hours).

2. Fee Adjustments

The NRC is adjusting the current part 170 fees in §§170.21 and 170.31 to reflect the changes in the revised hourly rates. The full cost fees assessed under §§170.21 and 170.31 are based on the revised professional hourly rates and any direct program support (contractual services) costs expended by the NRC. Any professional hours expended on or after the effective date of the final rule will be assessed at the FY 2004 hourly rates.

The fees in §§170.21 and 170.31 that are based on the average time to review an application ("flat" fees) have been adjusted to reflect the change in the materials program professional hourly rate from FY 2003. The amounts of the materials licensing "flat" fees were rounded to be convenient to the user. Fees under $1,000 are rounded to the nearest $10, fees that are greater than $1,000 but less than $100,000 are rounded to the nearest $100, and fees that are greater than $100,000 are rounded to the nearest $1,000.

The licensing "flat" fees are applicable for fee categories K.1 through K.5 of §170.21, and fee categories 1.C, 1.D, 2.B, 2.C, 3.A through 3.P, 4.B through 9.D, 10.B, 15.A through 15.E, and 16 of §170.31. Applications filed on or after the effective date of the final rule will be subject to the revised fees in this final rule.

The NRC is expanding category 10 of §170.31 to include category 10.C for evaluation of security plans, route approvals and surveys, and transportation security devices, including immobilization devices. There has been an increase in the number of transportation security activities that the NRC oversees and an increase in the number and types of licensees covered by the transportation security requirements. Therefore, category 10 is being updated to clarify that licensees will be assessed full-cost fees for security-related activities as stated above.

Additionally, the NRC is modifying §170.21 category K. and §170.31 category 15 to clarify the import and export license language. This clarification is being made to reflect the

current work being performed under these categories and to ensure consistency with 10 CFR Part 110.

3. Administrative Amendments

The NRC is modifying category 13 of §170.31, to include licensing and inspection fees under category 13.A and delete category 13.C. This change is being made so that §170.31 corresponds with the categorization used in §171.16(d).

Additionally, the NRC is modifying §170.12(f) to replace “License Fee and Accounts Receivable Branch” with “Accounts Receivable Team.” This change is being made so that the regulation reflects the current Office of the Chief Financial Officer organizational structure.

The NRC is also revising §170.31 footnote 1(c) to remove information related to amendment fees associated with licenses other than export and import licenses. The NRC eliminated Part 170 “flat” amendment fees for materials licenses in FY 1999 (64 FR 31448; June 10, 1999). The amendment costs are now recovered through Part 171 annual fees assessed to materials licensees.

In summary, the NRC is amending 10 CFR Part 170 to --

1. Revise the materials and reactor programs FTE hourly rates;

2. Revise the licensing fees to be assessed to reflect the reactor and materials program hourly rates;

3. Revise §170.31 to add category 10.C to clarify transportation security activities;

4. Modify §170.21 category K. and §170.31 category 15 to ensure consistency with 10 CFR Part 110;

5. Make an administrative change to fee category 13 of §170.31 to be consistent with category 13 of §171.16(d).

6. Revise §170.12(f) to replace “License Fee and Accounts Receivable Branch” with “Accounts Receivable Team.”

7. Revise §170.31 footnote 1(c) to remove information related to amendment fees associated with licenses other than export and import licenses.

B. Amendments to 10 CFR Part 171: Annual Fees for Reactor Licenses, and Fuel Cycle Licenses and Materials Licenses, Including Holders of Certificates of Compliance, Registrations, and Quality Assurance Program Approvals, and Government Agencies Licensed by the NRC.

The NRC is revising the annual fees for FY 2004 as follows.

1. Annual Fees

The NRC is establishing rebaselined annual fees for FY 2004. 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), determined that base annual fees will be re-established (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 licenses. The fees were last rebaselined in FY 2003. Based on the substantial change in the total budget from FY 2003 to FY 2004 and the magnitude of the budget allocated to certain classes of licensees, the Commission has determined that it is appropriate to rebaseline the annual fees again this year. Rebaselining fees results in increased annual fees compared to FY 2003 for three classes of licenses (power reactors, rare earth mills, and transportation), and decreased annual fees for three classes (spent fuel storage/reactor decommissioning, non-power reactors, and fuel facilities). For the uranium recovery and small materials classes, some of the categories (sub-classes) of licenses will have decreased annual fees and others will have increased annual fees.

The annual fees in §§171.15 and 171.16 will be revised for FY 2004 to recover approximately 92 percent of the NRC's FY 2004 budget authority, less the estimated amount to be recovered through part 170 fees and the amounts appropriated from the NWF. The total amount to be recovered through annual fees for FY 2004 is $389.9 million, compared to $396.8 million for FY 2003.

Within the nine fee classes of licensees, the FY 2004 annual fees will decrease from the previous year for many categories of licenses, increase for other categories, and remain the same for five categories. Of the five categories that remain the same, category 3P comprises

the largest number of materials licensees. The increases in annual fees range from approximately .8 percent for licenses of broad scope for possession and use of byproduct material issued under parts 30 and 33 for research and development that do not authorize commercial distribution to approximately 108.1 percent for the uranium recovery disposal incidental to operations category. The decreases in annual fees range from approximately .9 percent for the category of commercial collection and laundry of items contaminated with byproduct material, source material, or special nuclear material (i.e., nuclear laundry category) to approximately 77.2 percent for the conventional mills category.

Factors affecting the changes to the annual fee amounts include: adjustments in budgeted costs for the different classes of licenses; the reduction in the fee recovery rate from 94 percent for FY 2003 to 92 percent for FY 2004; the estimated part 170 collections for the various classes of licenses; the decrease in the number of licenses for certain categories of licenses; and the $3.5 million carryover from additional collections in FY 2003 that were unanticipated at the time the final FY 2003 final rule was published (i.e., there was no carryover from FY 2002 to reduce the FY 2003 fees).

Table III below shows the rebaselined annual fees for FY 2004 for a representative list of categories of licenses.

TABLE III. - REBASELINED ANNUAL FEES FOR FY 2004

Class/category of licenses	FY 2004 Annual fee

Operating Power Reactors (including Spent Fuel Storage/Reactor Decommissioning annual fee)	$3,283,000
Spent Fuel Storage/Reactor Decommissioning	203,000
Nonpower Reactors	62,500
High Enriched Uranium Fuel Facility	4,573,000
Low Enriched Uranium Fuel Facility	1,533,000
UF_6 Conversion Facility	657,000
Conventional Mills	14,500
Transportation:	
Users/Fabricators	91,300
Users Only	7,400
Typical Materials Users:	
Radiographers	11,900
Well Loggers	4,600
Gauge Users (Category 3P)	2,500
Broad Scope Medical	25,000

The annual fees assessed to each class of licenses include a surcharge to recover those NRC budgeted costs that are not directly or solely attributable to the classes of licenses, but must be recovered from licensees to comply with the requirements of OBRA-90, as amended. Based on the FY 2001 Energy and Water Development Appropriations Act which amended OBRA-90 to decrease the NRC's fee recovery amount by 2 percent per year beginning in FY 2001, until the fee recovery amount is 90 percent in FY 2005, the total surcharge costs for FY 2004 will be reduced by approximately $47.4 million. The total FY 2004 budgeted costs for these activities and the reduction to the total surcharge amount for fee recovery purposes are

shown in Table IV. Due to rounding, adding the individual numbers in the table may result in a total that is slightly different than the one shown.

TABLE IV. - SURCHARGE COSTS

[Dollars in millions]

Category of costs	FY 2004 budgeted costs
1. Activities not attributable to an existing NRC licensee or class of licensee:	
a. International activities	$10.8
b. Agreement State oversight	10.5
c. Low-level waste (LLW) disposal generic activities	3.8
d. Complex materials site decommissioning activities not recovered under part 170	3.4
2. Activities not assessed part 170 licensing and inspection fees or part 171 annual fees based on existing law or Commission policy:	
a. Fee exemption for nonprofit educational institutions	7.2
b. Licensing and inspection activities associated with other Federal agencies	2.5
c. Costs not recovered from small entities under 10 CFR 171.16(c)	4.7
3. Activities supporting NRC operating licensees and others:	

a.	Regulatory support to Agreement States	19.4
b.	Generic decommissioning/reclamation (except those related to power reactors)	6.3
	Total surcharge costs	68.6
Less 8 percent of NRC's FY 2004 total budget (less NWF)		-47.4
	Total Surcharge Costs to be Recovered	$21.2

As shown in Table IV, $21.2 million is the total surcharge cost allocated to the various classes of licenses for FY 2004. The NRC will continue to allocate the surcharge costs, except LLW surcharge costs, to each class of licenses based on the percent of the budget for that fee class compared to the NRC's total budget. The NRC will continue to allocate the LLW surcharge costs based on the volume of LLW disposal of certain classes of licenses. The surcharge costs allocated to each class will be included in the annual fee assessed to each licensee. The FY 2004 surcharge costs allocated to each class of licenses are shown in Table V. Due to rounding, adding the individual numbers in the table may result in a total that is slightly different than the one shown.

TABLE V. - ALLOCATION OF SURCHARGE

	LLW surcharge		Non-LLW surcharge		Total surcharge
	Percent	$M	Percent	$M	$M
Operating Power Reactors	74	2.8	82.8	14.4	17.2

Spent Fuel Storage/ Reactor Decomm.	---	---	5.4	0.9	0.9
Nonpower Reactors	---	---	0.1	0.0	0.0
Fuel Facilities	8	0.3	6.8	1.2	1.5
Materials Users	18	0.7	3.2	0.6	1.2
Transportation	---	---	1.2	0.2	0.2
Rare Earth Facilities	---	---	0.1	0.0	0.0
Uranium Recovery	---	---	0.4	0.1	0.1
Total Surcharge	100	3.8	100.0	17.4	21.2

The budgeted costs allocated to each class of licenses and the calculations of the rebaselined fees are described in a. through h. below. The workpapers which support this final rule show in detail the allocation of NRC's budgeted resources for each class of licenses and how the fees are calculated. The workpapers are available electronically at the NRC's Electronic Reading Room on the Internet at Website address http://www.nrc.gov/reading-rm/adams.html. For a period of 90 days after the effective date of this final rule, the workpapers may also be examined at the NRC Public Document Room located at One White Flint North, Room O-1F22, 11555 Rockville Pike, Rockville, MD 20852-2738.

a. Fuel Facilities

The FY 2004 budgeted costs to be recovered in annual fees assessment to the fuel facility class of licenses is approximately $21.6 million compared to $27.0 million in FY 2003. The annual fee decrease is attributable to the increase in part 170 fees for the fuel facility class due to an increase in the mixed-oxide fuel effort. In addition, $2.1 million in part 170 fees will be

recovered in FY 2004 for contract costs associated with the review of the Duke-Cogema Stone and Webster application. The costs associated with this review were improperly coded and not factored into the calculations for FY 2001, FY 2002, and FY 2003.

The annual fees are allocated to the individual fuel facility licensees based on the effort/fee determination matrix established in the FY 1999 final fee rule (64 FR 31448; June 10, 1999). In the matrix (which is included in the NRC workpapers that are publicly available), licensees are grouped into five categories according to their licensed activities (i.e., nuclear material enrichment, processing operations, and material form) and according to the level, scope, depth of coverage, and rigor of generic regulatory programmatic effort applicable to each category from a safety and safeguards perspective. This methodology can be applied to determine fees for new licensees, current licensees, licensees in unique license situations, and certificate holders.

The methodology is adaptable to changes in the number of licensees or certificate holders, licensed or certified material and/or activities, and total programmatic resources to be recovered through annual fees. When a license or certificate is modified, it may result in a change of category for a particular fuel facility licensee as a result of the methodology used in the fuel facility effort/fee matrix. Consequently, this change may also have an effect on the fees assessed to other fuel facility licensees and certificate holders. For example, if a fuel facility licensee amends its license/certificate in such a way (e.g., decommissioning or license termination) that results in it not being subject to part 171 costs applicable to the fee class, then the budgeted costs for the safety and/or safeguards components will be spread among the remaining fuel facility licensees/certificate holders, resulting in higher fees for those affected licensees.

The methodology is applied as follows. First, a fee category is assigned based on the nuclear material and activity authorized by license or certificate. Although a licensee/certificate holder may elect not to fully use a license/certificate, the license/certificate is still used as the source for determining authorized nuclear material possession and use/activity. Next, the category and license/certificate information are used to determine where the licensee/certificate holder fits into the matrix. The matrix depicts the categorization of licensees/certificate holders by authorized material types and use/activities, and the relative generic regulatory programmatic effort associated with each category. The programmatic effort (expressed as a value in the matrix) reflects the safety and safeguards risk significance associated with the nuclear material and use/activity, and the commensurate generic regulatory program (i.e., scope, depth and rigor) level of effort.

On February 24, 2004, the NRC issued a license to the United States Enrichment Corporation, Inc. to possess and use source and special nuclear material at the American Centrifuge Lead Cascade facility at the Portsmouth Gaseous Diffusion Plant site in Piketon, Ohio. The fuel facility matrix has been updated to include the effort factors for this licensee.

The effort factors for the various subclasses of fuel facility licenses are summarized in Table VI.

TABLE VI. - EFFORT FACTORS FOR FUEL FACILITIES

Facility type	Number of facilities	Effort factors (in percent) Safety	Safeguards

High Enriched Uranium Fuel	2	91 (35.5)	76 (55.1)
Enrichment	2	70 (27.3)	34 (24.6)
Low Enriched Uranium Fuel	3	66 (25.8)	18 (13.0)
UF_6 Conversion	1	12 (4.7)	0 (0)
Limited Operations Facility	1	8 (3.1)	3 (2.2)
Others	2	9 (3.5)	7 (5.1)

Applying these factors to the safety, safeguards, and surcharge components of the $21.6 million total annual fee amount for the fuel facility class results in annual fees for each licensee within the categories of this class summarized in Table VII.

TABLE VII. - ANNUAL FEES FOR FUEL FACILITIES

Facility type	FY 2004 annual fee
High Enriched Uranium Fuel	$4,573,000
Uranium Enrichment	2,848,000
Low Enriched Uranium	1,533,000
UF_6 Conversion	657,000
Limited Operations Facility	602,000
Others	438,000

b. Uranium Recovery Facilities

The FY 2004 budgeted costs, including surcharge costs, to be recovered through annual fees assessed to the uranium recovery class is approximately $546,000. Approximately

$453,000 of this amount will be assessed to DOE. The remaining $93,000 will be recovered through annual fees assessed to conventional mills, in-situ leach solution mining facilities, and 11e.(2) mill tailings disposal facilities.

Consistent with the change in methodology adopted in the FY 2002 final fee rule (67 FR 42612; June 24, 2002), the total annual fee amount, less the amounts specifically budgeted for Title I activities, is allocated equally between Title I and Title II licensees. This will result in an annual fee being assessed to DOE to recover the costs specifically budgeted for NRC's Title I activities plus 50 percent of the remaining annual fee amount, including the surcharge and generic/other costs, for the uranium recovery class. The remaining 50 percent of the surcharge and generic/other costs are assessed to the NRC Title II program licensees that are subject to annual fees. The costs to be recovered through annual fees assessed to the uranium recovery class are shown below. Due to rounding, adding the individual numbers in the table may result in a total that is slightly different than the one shown.

DOE Annual Fee Amount (UMTRCA Title I and Title II general licenses):

UMTRCA Title I budgeted costs	$ 359,578
50 percent of generic/other uranium recovery budgeted costs	55,025
50 percent of uranium recovery surcharge	38,121
Total Annual Fee Amount for DOE	452,723

Annual Fee Amount for UMTRCA Title II Specific Licenses:

50 percent of generic/other uranium recovery budgeted costs	55,025
50 percent of uranium recovery surcharge	38,121
Total Annual Fee Amount for Title II Specific Licenses	93,145

The matrix used to allocate the costs of various categories of Title II specific licensees has been updated to reflect NRC's increased efforts related to facility closure compared to facility operations, and the matrix also revises the weighting factors to reflect the effort levels per category. However, consistent with the methodology established in the FY 1995 fee rule (60 FR 32218; June 20, 1995), the approach for establishing part 171 annual fees for Title II uranium recovery licensees has not changed, and is as follows:

(1) The methodology identifies three categories of licenses: conventional uranium mills (Class I facilities), uranium solution mining facilities (Class II facilities), and mill tailings disposal facilities (11e.(2) disposal facilities). Each of these categories benefits from the generic uranium recovery program efforts (e.g., rulemakings, staff guidance documents);

(2) The matrix relates the category and the level of benefit by program element and subelement;

(3) The two major program elements of the generic uranium recovery program are activities related to facility operations and those related to facility closure;

(4) Each of the major program elements was further divided into three subelements;

(5) The three major subelements of generic activities associated with uranium facility operations are regulatory efforts related to the operation of mills, handling and disposal of waste, and prevention of groundwater contamination. The three major subelements of generic activities associated with uranium facility closure are regulatory efforts related to decommissioning of facilities and land clean-up, reclamation and closure of tailings impoundments, and groundwater

clean-up. Weighted values were assigned to each program element and subelement considering health and safety implications and the associated effort to regulate these activities. The applicability of the generic program in each subelement to each uranium recovery category was qualitatively estimated as either significant, some, minor, or none.

The relative weighted factors per facility type for the various categories of specifically licensed Title II uranium recovery licensees are as follows:

TABLE VIII. - WEIGHTED FACTORS FOR URANIUM RECOVERY LICENSES

Facility type	Number of facilities	Category weight	Level of benefit total weight Value	Percent
Class I (conventional mills)	2	900	1,800	31
Class II (solution mining)	3	800	2,400	41
11e.(2) disposal	1	795	795	14
11e.(2) disposal incident to existing tailings sites	1	800	800	14

Applying these factors to the approximately $93,000 in budgeted costs to be recovered from Title II specific licensees results in the following revised annual fees:

TABLE IX. - ANNUAL FEES FOR TITLE II SPECIFIC LICENSES

Facility type	FY 2004 annual fee

Class I (conventional mills)	$ 14,500
Class II (solution mining)	12,900
11e.(2) disposal	12,800
11e.(2) disposal incidental to existing tailings sites	12,900

In the FY 2001 final rule (66 FR 32478; June 14, 2001), the NRC revised §171.19 to establish a quarterly billing schedule for Class I and Class II licensees, regardless of the annual fee amount. Therefore, as provided in §171.19(b), if the amounts collected in the first three quarters of FY 2004 exceed the amount of the revised annual fee, the overpayment will be refunded; if the amounts collected in the first three quarters are less than the final revised annual fee, the remainder will be billed after the FY 2004 final fee rule is published. The remaining categories of Title II facilities are subject to billing based on the anniversary date of the license as provided in §171.19(c).

c. Power Reactors

The approximately $320.3 million in budgeted costs to be recovered through FY 2004 annual fees assessed to the power reactor class, including budgeted costs for homeland security activities related to power reactors, is divided equally among the 104 power reactors licensed to operate. This results in a FY 2004 annual fee of $3,080,000 per reactor. Additionally, each power reactor licensed to operate will be assessed the FY 2004 spent fuel storage/reactor decommissioning annual fee of $203,000, which is discussed in paragraph d below. This results in a total FY 2004 annual fee of $3,283,000 for each power reactor licensed to operate.

d. Spent Fuel Storage/Reactor Decommissioning

For FY 2004, budgeted costs of approximately $24.6 million for spent fuel storage/reactor decommissioning are to be recovered through annual fees assessed to part 50 power reactors, and to part 72 licensees who do not hold a part 50 license. Those reactor licensees that have ceased operations and have no fuel onsite are not subject to these annual fees. The costs are divided equally among the 121 licensees, resulting in a FY 2004 annual fee of $203,000 per licensee.

e. Non-power Reactors

Approximately $250,000 in budgeted costs is to be recovered through annual fees assessed to the non-power reactor class of licenses for FY 2004. This amount is divided equally among the four non-power reactors subject to annual fees. This results in a FY 2004 annual fee of $62,500 for each licensee.

f. Rare Earth Facilities

The FY 2004 budgeted costs of $157,600 for rare earth facilities to be recovered through annual fees will be assessed to the one licensee who has a specific license for receipt and processing of source material. Before FY 2004, one rare earth facility requested that its license be amended to authorize decommissioning activities only. Consequently, this license is no longer subject to annual fees. The result is a FY 2004 annual fee of $157,600 for the one remaining licensee.

g. Materials Users

To equitably and fairly allocate the $21.6 million in FY 2004 budgeted costs to be recovered in annual fees assessed to the approximately 4,500 diverse materials users and registrants, the NRC has continued to use the FY 1999 methodology to establish baseline annual fees for this class. The annual fees are based on the part 170 application fees and an estimated cost for inspections. Because the application fees and inspection costs are indicative of the complexity of the license, this approach continues to provide a proxy for allocating the generic and other regulatory costs to the diverse categories of licenses based on how much it costs the NRC to regulate each category. The fee calculation also continues to consider the inspection frequency (priority), which is indicative of the safety risk and resulting regulatory costs associated with the categories of licenses. The annual fee for these categories of licenses is developed as follows:

Annual fee = Constant x [Application Fee + (Average Inspection Cost divided by Inspection Priority)]+ Inspection Multiplier x (Average Inspection Cost divided by Inspection Priority) + Unique Category Costs.

The constant is the multiple necessary to recover approximately $16.5 million in general costs and is 1.18 for FY 2004. The inspection multiplier is the multiple necessary to recover approximately $4.1 million in inspection costs for FY 2004, and is 0.98 for FY 2004. The unique category costs are any special costs that the NRC has budgeted for a specific category of licenses. For FY 2004, approximately $83,000 in budgeted costs for the implementation of revised part 35, Medical Use of Byproduct Material (unique costs), has been allocated to holders of NRC human use licenses.

The annual fee assessed to each licensee also includes a share of the $555,500 in surcharge costs allocated to the materials user class of licenses and, for certain categories of these licenses, a share of the approximately $676,800 in LLW surcharge costs allocated to the class. The annual fee for each fee category is shown in §171.16(d).

h. Transportation

Of the approximately $5.4 million in FY 2004 budgeted costs to be recovered through annual fees assessed to the transportation class of licenses, approximately $1.5 million will be recovered from annual fees assessed to DOE based on the number of part 71 Certificates of Compliance that it holds. Of the remaining $3.9 million, approximately 21 percent is allocated to the 75 quality assurance plans authorizing use only and the 37 quality assurance plans authorizing use and design/fabrication. The remaining 79 percent is allocated only to the 37 quality assurance plans authorizing use and design/fabrication. This results in an annual fee of $7,400 for each of the holders of quality assurance plans that authorize use only, and an annual fee of $91,300 for each of the holders of quality assurance plans that authorize use and design/fabrication.

2. Agreement State Activities

On July 23, 2003, the NRC approved an Agreement with the State of Wisconsin under Section 274 of the Atomic Energy Act (AEA) of 1954, as amended. This Agreement transferred to the State the Commission's regulatory authority over byproduct material, source material and special nuclear material in quantities not sufficient to form a critical mass. This Agreement became effective August 10, 2003. Currently, there are 33 Agreement States.

As a result of this Agreement, 222 former NRC licensees are now Wisconsin licensees. Thirty additional licenses were partially transferred to Wisconsin because the NRC retained jurisdiction over certain activities of those licensees. Because NRC does not charge fees to Agreement States or their licensees, the NRC will not collect fees in FY 2004 or thereafter for the 222 former NRC licensees, and will collect fees from the 30 partially transferred licensees only for those activities over which the NRC retains jurisdiction. The costs of Agreement State regulatory support and oversight activities for Wisconsin, as for any other Agreement State, will be recovered through the surcharge, consistent with existing fee policy.

On January 2, 2003, the State of Utah requested an amended Agreement between the NRC and itself per Section 274b of the AEA. This amendment would transfer regulatory responsibility for uranium mills and tailings to the State. Utah previously had become an Agreement State for certain other categories of materials, effective April 1, 1984. The request for this amendment is currently under review by the Commission and a decision on this matter is expected in May 2004. If the Commission approves this Agreement, four licensees would be transferred from NRC to Utah. Two of these licensees are uranium mills that are in reclamation, and therefore, currently do not pay part 171 annual fees. However, the other two licensees do pay NRC annual fees; if these licensees are removed from the uranium recovery class of licensees, the annual fees for the remaining NRC licensees in that class would likely increase in the FY 2005.

3. Master Materials Licenses

On March 17, 2003, the NRC issued a master material license to the U.S. Department of Veterans Affairs (VA) to take over principal regulatory functions for its medical facilities throughout the United States. Including the VA, there are now three master materials licenses.

The VA will conduct its own inspections to ensure compliance with NRC regulations and with the terms of the VA-issued permits. It will also take enforcement action if violations of requirements are identified. The NRC retains the authority to take enforcement action, if appropriate. The NRC will continue to conduct evaluations of the VA's performance and conduct independent inspections of a sample of VA medical facilities.

As a result of the issuance of the master materials license to the VA, 116 medical facilities that were previously licensed by the NRC for various uses of radioactive materials for the diagnosis and treatment of diseases are now included in the master materials license. Thus, the number of licenses in the master materials category has increased from two to three, while the number of licenses for certain other categories has decreased.

4. Administrative Amendment

The NRC is modifying category 10 of §171.16(d) to add category 10.C for the evaluation of security plans, route approvals, route surveys, and transportation security devices, including immobilization devices. This is an administrative change that is being made only to ensure consistency with fee category 10.C of §170.31 as described above. The NRC is not proposing an annual fee for category 10.C.

Additionally, the NRC is modifying §171.19(a) to replace On-Line Payment and Collection System (OPAC's) with Intragovernmental Payment and Collection System (IPAC). This change is being made so that the regulation reflects the current payment process.

In summary, the NRC has --

1. Established rebaselined annual fees for FY 2004;

2. Adjusted the annual fees to reflect the changes in agreement state activities and the master materials licenses;

3. Made an administrative change to add fee category 10.C to §171.16(d) to ensure consistency with the addition of category 10.C to §170.31.

4. Revised §171.19(a) to replace "On-Line Payment and Collection System" (OPAC's) with "Intragovernmental Payment and Collection System" (IPAC).

IV. Voluntary Consensus Standards

The National Technology Transfer and Advancement Act of 1995, Pub. L. 104-113, requires that Federal agencies use technical standards that are developed or adopted by voluntary consensus standards bodies unless using these standards is inconsistent with applicable law or is otherwise impractical. In this final rule, the NRC is amending the licensing, inspection, and annual fees charged to its licensees and applicants as necessary to recover approximately 92 percent of its budget authority in FY 2004 as required by the Omnibus Budget

Reconciliation Act of 1990, as amended. This action does not constitute the establishment of a standard that contains generally applicable requirements.

V. Environmental Impact: Categorical Exclusion

The NRC has determined that this final rule is the type of action described in categorical exclusion 10 CFR 51.22(c)(1). Therefore, neither an environmental assessment nor an environmental impact statement has been prepared for the final regulation. By its very nature, this regulatory action does not affect the environment and, therefore, no environmental justice issues are raised.

VI. Paperwork Reduction Act Statement

This final rule does not contain information collection requirements and, therefore, is not subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

VII. Regulatory Analysis

With respect to 10 CFR Part 170, this final rule was developed pursuant to Title V of the Independent Offices Appropriation Act of 1952 (IOAA) (31 U.S.C. 9701) and the Commission's fee guidelines. When developing these guidelines the Commission took into account guidance provided by the U.S. Supreme Court on March 4, 1974, in National Cable Television Association, Inc. v. United States, 415 U.S. 36 (1974) and Federal Power Commission v. New England Power Company, 415 U.S. 345 (1974). In these decisions, the Court held that the IOAA authorizes an agency to charge fees for special benefits rendered to identifiable persons

measured by the "value to the recipient" of the agency service. The meaning of the IOAA was further clarified on December 16, 1976, by four decisions of the U.S. Court of Appeals for the District of Columbia: National Cable Television Association v. Federal Communications Commission, 554 F.2d 1094 (D.C. Cir. 1976); National Association of Broadcasters v. Federal Communications Commission, 554 F.2d 1118 (D.C. Cir. 1976); Electronic Industries Association v. Federal Communications Commission, 554 F.2d 1109 (D.C. Cir. 1976); and Capital Cities Communication, Inc. v. Federal Communications Commission, 554 F.2d 1135 (D.C. Cir. 1976). The Commission's fee guidelines were developed based on these legal decisions.

The Commission's fee guidelines were upheld on August 24, 1979, by the U.S. Court of Appeals for the Fifth Circuit in Mississippi Power and Light Co. v. U.S. Nuclear Regulatory Commission, 601 F.2d 223 (5th Cir. 1979), cert. denied, 444 U.S. 1102 (1980). This court held that --

(1) The NRC had the authority to recover the full cost of providing services to identifiable beneficiaries;

(2) The NRC could properly assess a fee for the costs of providing routine inspections necessary to ensure a licensee's compliance with the Atomic Energy Act and with applicable regulations;

(3) The NRC could charge for costs incurred in conducting environmental reviews required by NEPA;

(4) The NRC properly included the costs of uncontested hearings and of administrative and technical support services in the fee schedule;

(5) The NRC could assess a fee for renewing a license to operate a low-level radioactive waste burial site; and

(6) The NRC's fees were not arbitrary or capricious.

With respect to 10 CFR Part 171, on November 5, 1990, the Congress passed Pub. L. 101-508, the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), which required that, for FYs 1991 through 1995, approximately 100 percent of the NRC budget authority be recovered through the assessment of fees. OBRA-90 was subsequently amended to extend the 100 percent fee recovery requirement through FY 2000. The FY 2001 Energy and Water Development Appropriations Act amended OBRA-90 to decrease the NRC's fee recovery amount by 2 percent per year beginning in FY 2001, until the fee recovery amount is 90 percent in FY 2005. The NRC's fee recovery amount for FY 2004 is 92 percent. To comply with this statutory requirement and in accordance with §171.13, the NRC is publishing the amount of the FY 2004 annual fees for reactor licensees, fuel cycle licensees, materials licensees, and holders of Certificates of Compliance, registrations of sealed source and devices and QA program approvals, and Government agencies. OBRA-90, consistent with the accompanying Conference Committee Report, and the amendments to OBRA-90, provides that --

(1) The annual fees be based on approximately 92 percent of the Commission's FY 2004 budget of $625.6 million less the amounts collected from part 170 fees and funds directly appropriated from the NWF to cover the NRC's high level waste program;

(2) The annual fees shall, to the maximum extent practicable, have a reasonable relationship to the cost of regulatory services provided by the Commission; and

(3) The annual fees be assessed to those licensees the Commission, in its discretion, determines can fairly, equitably, and practicably contribute to their payment.

10 CFR Part 171, which established annual fees for operating power reactors effective October 20, 1986 (51 FR 33224; September 18, 1986), was challenged and upheld in its entirety in Florida Power and Light Company v. United States, 846 F.2d 765 (D.C. Cir. 1988), cert. denied, 490 U.S. 1045 (1989). Further, the NRC's FY 1991 annual fee rule methodology was upheld by the D.C. Circuit Court of Appeals in Allied Signal v. NRC, 988 F.2d 146 (D.C. Cir. 1993).

VIII. Regulatory Flexibility Analysis

The NRC is required by the Omnibus Budget Reconciliation Act of 1990, as amended, to recover approximately 92 percent of its FY 2004 budget authority through the assessment of user fees. This act further requires that the NRC establish a schedule of charges that fairly and equitably allocates the aggregate amount of these charges among licensees.

This final rule establishes the schedules of fees that are necessary to implement the Congressional mandate for FY 2004. The final rule will result in increases in the annual fees charged to certain licensees and holders of certificates, registrations, and approvals, and decreases in annual fees for others. Licensees affected by the annual fee increases and

decreases include those that qualify as a small entity under NRC's size standards in 10 CFR 2.810. The Regulatory Flexibility Analysis, prepared in accordance with 5 U.S.C. 604, is included as Appendix A to this final rule.

The Small Business Regulatory Enforcement Fairness Act of 1996 requires all Federal agencies to prepare a written compliance guide for each rule for which the agency is required by 5 U.S.C. 604 to prepare a regulatory flexibility analysis. Therefore, in compliance with the law, Attachment 1 to the Regulatory Flexibility Analysis is the small entity compliance guide for FY 2004.

IX. Backfit Analysis

The NRC has determined that the backfit rule, 10 CFR 50.109, does not apply to this final rule and that a backfit analysis is not required for this final rule. The backfit analysis is not required because these amendments do not require the modification of or additions to systems, structures, components, or the design of a facility or the design approval or manufacturing license for a facility or the procedures or organization required to design, construct, or operate a facility.

X. Small Business Regulatory Enforcement Fairness Act

In accordance with the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. 104-121, the NRC has determined that this action is a major rule and has verified the determination with the Office of Information and Regulatory Affairs of the Office of Management and Budget.

List of Subjects

10 CFR Part 170 -- Byproduct material, Import and export licenses, Intergovernmental relations, Non-payment penalties, Nuclear materials, Nuclear power plants and reactors, Source material, Special nuclear material.

10 CFR Part 171 -- Annual charges, Byproduct material, Holders of certificates, Registrations, Approvals, Intergovernmental relations, Non-payment penalties, Nuclear materials, Nuclear power plants and reactors, Source material, Special nuclear material.

For the reasons set out in the preamble and under the authority of the Atomic Energy Act of 1954, as amended; the Energy Reorganization Act of 1974, as amended; and 5 U.S.C. 552 and 553, the NRC is adopting the following amendments to 10 CFR Parts 170 and 171.

PART 170 -- FEES FOR FACILITIES, MATERIALS, IMPORT AND EXPORT LICENSES, AND OTHER REGULATORY SERVICES UNDER THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

1. The authority citation for part 170 continues to read as follows:

Authority: Sec. 9701, Pub. L. 97-258, 96 Stat. 1051 (31 U.S.C. 9701); sec. 301, Pub. L. 92-314, 86 Stat. 227 (42 U.S.C. 2201w); sec. 201, Pub. L. 93-438, 88 Stat. 1242, as amended (42 U.S.C. 5841); sec. 205a, Pub. L. 101-576, 104 Stat. 2842, as amended (31 U.S.C. 901, 902); sec. 1704, 112 Stat. 2750 (44 U.S.C. 3504 note).

2. Section 170.20 is revised to read as follows:

§170.20 Average cost per professional staff-hour.

Fees for permits, licenses, amendments, renewals, special projects, part 55 re-qualification and replacement examinations and tests, other required reviews, approvals, and inspections under §§170.21 and 170.31 will be calculated using the following applicable professional staff-hour rates:

(a) Reactor Program (§170.21 Activities): $157 per hour

(b) Nuclear Materials and Nuclear Waste Program (§170.31 Activities): $156 per hour

3. In §170.21, Category K in the table is revised to read as follows:

§170.21 Schedule of fees for production and utilization facilities, review of standard referenced design approvals, special projects, inspections, and import and export licenses.

* * * * *

SCHEDULE OF FACILITY FEES

(See footnotes at end of table)

Facility categories and type of fees	Fees[1, 2]

* * * * *

K. Import and export licenses:

Licenses for the import and export only of production and utilization facilities or the export only of components for production and utilization facilities issued under 10 CFR Part 110.

1. Application for import or export of production and utilization facilities[4] (including reactors and other facilities) and exports of components requiring Commission and Executive Branch review, for example, actions under 10 CFR 110.40(b).

Application-new license . . . . . $10,100.
Amendment . . . . . $10,100.

2. Application for export of reactor and other components requiring Executive Branch review only, for example, those actions under 10 CFR 110.41(a)(1)-(9).

Application-new license . . . . . $5,900.
Amendment . . . . . $5,900.

3. Application for export of components requiring only the assistance of the Executive Branch to obtain foreign government assurances.

Application-new license . . . . . $1,900.

Amendment . . . . . $1,900.

4. Application for export of facility components and equipment (examples provided in 10 CFR part 110, Appendix A, Items (5) through (9)) not requiring Commission or Executive Branch review, or obtaining foreign government assurances.

Application-new license . . . . . $1,200.

Amendment . . . . . $1,200.

5. Minor amendment of any active export or import license, for example, to extend the expiration date, change domestic information, or make other revisions which do not involve any substantive changes to license terms or conditions or to the type of facility or component authorized for export and therefore, do not require in-depth analysis or review or consultation with the Executive Branch, U.S. host state, or foreign government authorities.

Amendment . . . . . $230.

[1] Fees will not be charged for orders issued by the Commission under §2.202 of this chapter or for amendments resulting specifically from the requirements of these types of Commission orders. Fees will be charged for approvals issued under a specific exemption provision of the Commission's regulations under Title 10 of the Code of Federal Regulations (e.g., 10 CFR 50.12, 73.5) and any other sections in effect now or in the future, regardless of

whether the approval is in the form of a license amendment, letter of approval, safety evaluation report, or other form. Fees for licenses in this schedule that are initially issued for less than full power are based on review through the issuance of a full power license (generally full power is considered 100 percent of the facility's full rated power). Thus, if a licensee received a low power license or a temporary license for less than full power and subsequently receives full power authority (by way of license amendment or otherwise), the total costs for the license will be determined through that period when authority is granted for full power operation. If a situation arises in which the Commission determines that full operating power for a particular facility should be less than 100 percent of full rated power, the total costs for the license will be at that determined lower operating power level and not at the 100 percent capacity.

[2] Full cost fees will be determined based on the professional staff time and appropriate contractual support services expended. For applications currently on file and for which fees are determined based on the full cost expended for the review, the professional staff hours expended for the review of the application up to the effective date of the final rule will be determined at the professional rates in effect at the time the service was provided. For those applications currently on file for which review costs have reached an applicable fee ceiling established by the June 20, 1984, and July 2, 1990, rules, but are still pending completion of the review, the cost incurred after any applicable ceiling was reached through January 29, 1989, will not be billed to the applicant. Any professional staff-hours expended above those ceilings on or after January 30, 1989, will be assessed at the applicable rates established by §170.20, as appropriate, except for topical reports whose costs exceed $50,000. Costs which exceed $50,000 for any topical report, amendment, revision or supplement to a topical report completed or under review from January 30, 1989, through August 8, 1991, will not be billed to the applicant. Any professional hours expended on or after August 9, 1991, will be assessed at the applicable rate established in §170.20.

* * * * *

[4] Imports only of major components for end-use at NRC-licensed reactors are now authorized under NRC general import license.

* * * * *

4. Section 170.31 is revised to read as follows:

§170.31 Schedule of fees for materials licenses and other regulatory services, including inspections, and import and export licenses.

Applicants for materials licenses, import and export licenses, and other regulatory services, and holders of materials licenses or import and export licenses shall pay fees for the following categories of services. The following schedule includes fees for health and safety and safeguards inspections where applicable:

SCHEDULE OF MATERIALS FEES

(See footnotes at end of table)

Category of materials licenses and type of fees[1]	Fee[2, 3]
1. Special nuclear material:	
A. Licenses for possession and use of 200 grams or more of	

plutonium in unsealed form or 350 grams or more of contained U-235 in unsealed form or 200 grams or more of U-233 in unsealed form. This includes applications to terminate licenses as well as licenses authorizing possession only:

Licensing and Inspection . . . . . Full Cost.

B. Licenses for receipt and storage of spent fuel and reactor-related Greater than Class C (GTCC) waste at an independent spent fuel storage installation (ISFSI):

Licensing and inspection . . . . . Full Cost.

C. Licenses for possession and use of special nuclear material in sealed sources contained in devices used in industrial measuring systems, including x-ray fluorescence analyzers:[4]

Application . . . . . $720.

D. All other special nuclear material licenses, except licenses authorizing special nuclear material in unsealed form in combination that would constitute a critical quantity, as defined in §150.11 of this chapter, for which the licensee shall pay the same fees as those for Category 1A:[4]

Application . . . . . $1,400.

E. Licenses or certificates for construction and operation of a uranium enrichment facility:

Licensing and inspection . . . . . Full Cost.

2. Source material:

A.(1) Licenses for possession and use of source material in recovery operations such as milling, in-situ leaching, heap-leaching, refining uranium mill concentrates to uranium hexafluoride, ore buying stations, and ion exchange facilities, and in processing of ores containing source material for extraction of metals other than uranium or thorium, including licenses authorizing the possession of byproduct waste material (tailings) from source material recovery operations, as well as licenses authorizing the possession and maintenance of a facility in a standby mode:

Licensing and inspection . . . . . Full Cost.

(2) Licenses that authorize the receipt of byproduct material, as defined in Section 11e(2) of the Atomic Energy Act, from other persons for possession and disposal except those licenses subject to fees in Category 2A(1):

Licensing and inspection . . . . . Full Cost.

(3) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal incidental to the disposal of the uranium waste tailings generated by the licensee's milling operations, except those licenses subject to the fees in Category 2A(1):

Licensing and inspection . . . . . Full Cost.

B. Licenses which authorize the possession, use, and/or installation of source material for shielding:

Application . . . . . $170.

C. All other source material licenses:

Application . . . . . $6,100.

3. Byproduct material:

A. Licenses of broad scope for the possession and use of byproduct material issued under parts 30 and 33 of this chapter for processing or manufacturing of items containing byproduct material for commercial distribution:

Application . . . . . $7,300.

B. Other licenses for possession and use of byproduct material issued under part 30 of this chapter for processing or manufacturing of items containing byproduct material for commercial distribution:

Application . . . . . $2,800.

C. Licenses issued under §§32.72 and/or 32.74 of this chapter that authorize the processing or manufacturing and distribution or redistribution of radiopharmaceuticals, generators, reagent kits, and/or sources and devices containing byproduct material. This category does not apply to licenses issued to

nonprofit educational institutions whose processing or manufacturing is exempt under §170.11(a)(4). These licenses are covered by fee Category 3D.

Application . . . . . $6,000.

D. Licenses and approvals issued under §§32.72 and and/or 32.74 of this chapter authorizing distribution or redistribution of radiopharmaceuticals, generators, reagent kits, and/or sources or devices not involving processing of byproduct material. This category includes licenses issued under §§32.72 and/or 32.74 of this chapter to nonprofit educational institutions whose processing or manufacturing is exempt under §170.11(a)(4).

Application . . . . . $2,600.

E. Licenses for possession and use of byproduct material in sealed sources for irradiation of materials in which the source is not removed from its shield (self-shielded units):

Application . . . . . $1,800.

F. Licenses for possession and use of less than 10,000 curies of byproduct material in sealed sources for irradiation of materials in which the source is exposed for irradiation purposes. This category also includes underwater irradiators for irradiation of materials where the source is not exposed for irradiation purposes.

Application . . . . . $3,600.

G. Licenses for possession and use of 10,000 curies or more of byproduct material in sealed sources for irradiation of materials in which the source is exposed for irradiation purposes. This category also includes underwater irradiators for irradiation of materials where the source is not exposed for irradiation purposes.

Application . . . . . $8,700.

H. Licenses issued under Subpart A of part 32 of this chapter to distribute items containing byproduct material that require device review to persons exempt from the licensing requirements of part 30 of this chapter. The category does not include specific licenses authorizing redistribution of items that have been authorized for distribution to persons exempt from the licensing requirements of part 30 of this chapter:

Application . . . . . $4,200.

I. Licenses issued under Subpart A of part 32 of this chapter to distribute items containing byproduct material or quantities of byproduct material that do not require device evaluation to persons exempt from the licensing requirements of part 30 of this chapter. This category does not include specific licenses authorizing redistribution of items that have been authorized for distribution to persons exempt from the licensing requirements of part 30 of this chapter:

Application . . . . . $4,300.

J. Licenses issued under Subpart B of part 32 of this chapter to distribute items containing byproduct material that require sealed

source and/or device review to persons generally licensed under part 31 of this chapter. This category does not include specific licenses authorizing redistribution of items that have been authorized for distribution to persons generally licensed under part 31 of this chapter:

Application . . . . . $1,100.

K. Licenses issued under Subpart B of part 32 of this chapter to distribute items containing byproduct material or quantities of byproduct material that do not require sealed source and/or device review to persons generally licensed under part 31 of this chapter. This category does not include specific licenses authorizing redistribution of items that have been authorized for distribution to persons generally licensed under part 31 of this chapter:

Application . . . . . $640.

L. Licenses of broad scope for possession and use of byproduct material issued under parts 30 and 33 of this chapter for research and development that do not authorize commercial distribution:

Application . . . . . $6,100.

M. Other licenses for possession and use of byproduct material issued under part 30 of this chapter for research and development that do not authorize commercial distribution:

Application . . . . . $3,000.

N. Licenses that authorize services for other licensees, except:

(1) Licenses that authorize only calibration and/or leak testing services are subject to the fees specified in fee Category 3P; and
(2) Licenses that authorize waste disposal services are subject to the fees specified in fee Categories 4A, 4B, and 4C:

Application . . . . . $3,300.

O. Licenses for possession and use of byproduct material issued under part 34 of this chapter for industrial radiography operations:

Application . . . . . $3,200.

P. All other specific byproduct material licenses, except those in Categories 4A through 9D:

Application . . . . . $1,200.

Q. Registration of a device(s) generally licensed under part 31 of this chapter:

Registration . . . . . $610.

4. Waste disposal and processing:

A. Licenses specifically authorizing the receipt of waste byproduct material, source material, or special nuclear material from other persons for the purpose of contingency storage or commercial land disposal by the licensee; or licenses authorizing contingency

storage of low-level radioactive waste at the site of nuclear power reactors; or licenses for receipt of waste from other persons for incineration or other treatment, packaging of resulting waste and residues, and transfer of packages to another person authorized to receive or dispose of waste material:

Licensing and inspection . . . . . Full Cost.

B. Licenses specifically authorizing the receipt of waste byproduct material, source material, or special nuclear material from other persons for the purpose of packaging or repackaging the material. The licensee will dispose of the material by transfer to another person authorized to receive or dispose of the material:

Application . . . . . $1,900.

C. Licenses specifically authorizing the receipt of prepackaged waste byproduct material, source material, or special nuclear material from other persons. The licensee will dispose of the material by transfer to another person authorized to receive or dispose of the material:

Application . . . . . $2,800.

5. Well logging:

A. Licenses for possession and use of byproduct material, source material, and/or special nuclear material for well logging, well surveys, and tracer studies other than field flooding tracer studies:

Application . . . . . $2,000.

B. Licenses for possession and use of byproduct material for field flooding tracer studies:

Licensing . . . . . Full Cost.

6. Nuclear laundries:

A. Licenses for commercial collection and laundry of items contaminated with byproduct material, source material, or special nuclear material:

Application . . . . . $12,400.

7. Medical licenses:

A. Licenses issued under parts 30, 35, 40, and 70 of this chapter for human use of byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices:

Application . . . . . $6,800.

B. Licenses of broad scope issued to medical institutions or two or more physicians under parts 30, 33, 35, 40, and 70 of this chapter authorizing research and development, including human use of byproduct material, except licenses for byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices:

Application . . . . . $4,900.

C. Other licenses issued under parts 30, 35, 40, and 70 of this chapter for human use of byproduct material, source material, and/or special

nuclear material, except licenses for byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices:

Application . . . . . $1,900.

8. Civil defense:

A. Licenses for possession and use of byproduct material, source material, or special nuclear material for civil defense activities:

Application . . . . . $360.

9. Device, product, or sealed source safety evaluation:

A. Safety evaluation of devices or products containing byproduct material, source material, or special nuclear material, except reactor fuel devices, for commercial distribution:

Application - each device . . . . . $5,600.

B. Safety evaluation of devices or products containing byproduct material, source material, or special nuclear material manufactured in accordance with the unique specifications of, and for use by, a single applicant, except reactor fuel devices:

Application - each device . . . . . $5,600.

C. Safety evaluation of sealed sources containing byproduct material, source material, or special nuclear material, except reactor fuel, for commercial distribution:

Application - each source . . . . . $1,800.

D. Safety evaluation of sealed sources containing byproduct material, source material, or special nuclear material, manufactured in accordance with the unique specifications of, and for use by, a single applicant, except reactor fuel:

Application - each source . . . . . $590.

10. Transportation of radioactive material:

A. Evaluation of casks, packages, and shipping containers:

Licensing and inspection . . . . . Full Cost.

B. Evaluation of 10 CFR Part 71 quality assurance programs:

Application . . . . . $2,100.
Inspections . . . . . Full Cost.

C. Evaluation of security plans, route approvals, route surveys, and transportation security devices (including immobilization devices):

Licensing and inspection . . . . . Full Cost.

11. Review of standardized spent fuel facilities:

Licensing and inspection . . . . . Full Cost.

12. Special projects:

Approvals and preapplication/Licensing activities . . . . . Full Cost.
Inspections . . . . . Full Cost.

13. A. Spent fuel storage cask Certificate of Compliance:

Licensing . . . . . Full Cost.
Inspections . . . . . Full Cost.

B. Inspections related to storage of spent fuel under §72.210 of this chapter . . . . . Full Cost.

14. Byproduct, source, or special nuclear material licenses and other approvals authorizing decommissioning, decontamination, reclamation, or site restoration activities under parts 30, 40, 70, 72, and 76 of this chapter:

Licensing and inspection . . . . . Full Cost.

15. Import and Export licenses:

Licenses issued under part 110 of this chapter for the import and export only of special nuclear material, source material, tritium and other byproduct material, and the export only of heavy water, or nuclear grade graphite.

A. Application for export or import of nuclear materials, including radioactive waste requiring Commission and Executive Branch review, for example, those actions under 10 CFR 110.40(b). This

category includes application for export and import of radioactive waste.

Application - new license . . . . . $10,100.
Amendment . . . . . $10,100.

B. Application for export or import of nuclear material, including radioactive waste, requiring Executive Branch review, but not Commission review. This category also includes application for the export and import of radioactive waste, which requires NRC to consult with domestic host state authorities, Low-Level Radioactive Waste Compact Commissions, the U.S. Environmental Protection Agency, etc.

Application - new license . . . . . $5,900.
Amendment . . . . . $5,900.

C. Application for export of nuclear material, for example, routine reloads of low enriched uranium reactor fuel and/or natural uranium source material requiring only the assistance of the Executive Branch to obtain foreign government assurances.

Application - new license . . . . . $1,900.
Amendment . . . . . $1,900.

D. Application for export or import of nuclear material, including radioactive waste, not requiring Commission or Executive Branch review, or obtaining foreign government assurances. This category includes application for export or import of radioactive waste where the NRC has previously authorized the export or import of the same form of waste to or from the same or similar parties located in the

same country, requiring only confirmation from the receiving facility and licensing authorities that the shipments may proceed according to previously agreed understandings and procedures.

Application - new license . . . . . $1,200.
Amendment . . . . . $1,200.

E. Minor amendment of any active export or import license, for example, to extend the expiration date, change domestic information, or make other revisions which do not involve any substantive changes to license terms and conditions or to the type/quantity/chemical composition of the material authorized for export and therefore, do not require in-depth analysis, review, or consultations with Executive Branch, U.S. host state, or foreign government authorities.

Amendment . . . . . $230.

16. Reciprocity:

Agreement State licensees who conduct activities under the reciprocity provisions of 10 CFR 150.20.

Application . . . . . $1,500.

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[1] Types of fees - Separate charges, as shown in the schedule, will be assessed for pre-application consultations and reviews and applications for new licenses and approvals, issuance of new licenses and approvals, certain amendments and renewals to existing licenses and approvals, safety evaluations of sealed sources and devices, generally licensed device registrations, and certain inspections. The following guidelines apply to these charges:

(a) Application and registration fees. Applications for new materials licenses and export and import licenses; applications to reinstate expired, terminated, or inactive licenses except

those subject to fees assessed at full costs; applications filed by Agreement State licensees to register under the general license provisions of 10 CFR 150.20; and applications for amendments to materials licenses that would place the license in a higher fee category or add a new fee category must be accompanied by the prescribed application fee for each category.

(1) Applications for licenses covering more than one fee category of special nuclear material or source material must be accompanied by the prescribed application fee for the highest fee category.

(2) Applications for new licenses that cover both byproduct material and special nuclear material in sealed sources for use in gauging devices will pay the appropriate application fee for fee Category 1C only.

(b) Licensing fees. Fees for reviews of applications for new licenses and for renewals and amendments to existing licenses, for pre-application consultations and for reviews of other documents submitted to NRC for review, and for project manager time for fee categories subject to full cost fees (fee Categories 1A, 1B, 1E, 2A, 4A, 5B, 10A, 11, 12, 13A, and 14) are due upon notification by the Commission in accordance with §170.12(b).

(c) Amendment fees. Applications for amendments to export and import licenses must be accompanied by the prescribed amendment fee for each license affected.

(d) Inspection fees. Inspections resulting from investigations conducted by the Office of Investigations and non-routine inspections that result from third-party allegations are not subject to fees. Inspection fees are due upon notification by the Commission in accordance with §170.12(c).

(e) Generally licensed device registrations under 10 CFR 31.5. Submittals of registration information must be accompanied by the prescribed fee.

[2] Fees will not be charged for orders issued by the Commission under 10 CFR 2.202 or for amendments resulting specifically from the requirements of these types of Commission orders. However, fees will be charged for approvals issued under a specific exemption provision of the Commission's regulations under Title 10 of the Code of Federal Regulations (e.g., 10 CFR 30.11, 40.14, 70.14, 73.5, and any other sections in effect now or in the future), regardless of whether the approval is in the form of a license amendment, letter of approval, safety evaluation report, or other form. In addition to the fee shown, an applicant may be assessed an additional fee for sealed source and device evaluations as shown in Categories 9A through 9D.

[3] Full cost fees will be determined based on the professional staff time multiplied by the appropriate professional hourly rate established in §170.20 in effect at the time the service is provided, and the appropriate contractual support services expended. For applications currently on file for which review costs have reached an applicable fee ceiling established by the June 20, 1984, and July 2, 1990, rules, but are still pending completion of the review, the cost incurred after any applicable ceiling was reached through January 29, 1989, will not be billed to the applicant. Any professional staff-hours expended above those ceilings on or after January 30, 1989, will be assessed at the applicable rates established by §170.20, as appropriate, except for topical reports whose costs exceed $50,000. Costs which exceed $50,000 for each topical report, amendment, revision, or supplement to a topical report completed or under review from January 30, 1989, through August 8, 1991, will not be billed to the applicant. Any professional hours expended on or after August 9, 1991, will be assessed at the applicable rate established in §170.20.

[4] Licensees paying fees under Categories 1A, 1B, and 1E are not subject to fees under Categories 1C and 1D for sealed sources authorized in the same license except for an application that deals only with the sealed sources authorized by the license.

PART 171 -- ANNUAL FEES FOR REACTOR LICENSES AND FUEL CYCLE LICENSES AND MATERIALS LICENSES, INCLUDING HOLDERS OF CERTIFICATES OF COMPLIANCE, REGISTRATIONS, AND QUALITY ASSURANCE PROGRAM APPROVALS AND GOVERNMENT AGENCIES LICENSED BY THE NRC.

5. The authority citation for part 171 continues to read as follows:

Authority: Sec. 7601, Pub. L. 99-272, 100 Stat. 146, as amended by sec. 5601, Pub. L. 100-203, 101 Stat. 1330, as amended by sec. 3201, Pub. L. 101-239, 103 Stat. 2132, as amended by sec. 6101, Pub. L. 101-508, 104 Stat. 1388, as amended by sec. 2903a, Pub. L. 102-486, 106 Stat. 3125 (42 U.S.C. 2213, 2214); sec. 301, Pub. L. 92-314, 86 Stat. 227 (42 U.S.C. 2201w); sec. 201, Pub. L. 93-438, 88 Stat. 1242, as amended (42 U.S.C. 5841); Sec. 1704, 112 Stat. 2750 (44 U.S.C. 3504 note).

6. In §171.15 paragraphs (b), (c), (d), and (e) are revised to read as follows:

§171.15 Annual Fees: Reactor licenses and independent spent fuel storage licenses.

* * * * *

(b)(1) The FY 2004 annual fee for each operating power reactor which must be collected by September 30, 2004, is $3,283,000.

(2) The FY 2004 annual fee is comprised of a base annual fee for power reactors licensed to operate, a base spent fuel storage/reactor decommissioning annual fee, and associated additional charges (surcharges). The activities comprising the FY 2004 spent storage/reactor decommissioning base annual fee are shown in paragraphs (c)(2)(i) and (ii) of this section. The activities comprising the FY 2004 surcharge are shown in paragraph (d)(1) of this section. The activities comprising the FY 2004 base annual fee for operating power reactors are as follows:

(i) Power reactor safety and safeguards regulation except licensing and inspection activities recovered under part 170 of this chapter and generic reactor decommissioning activities.

(ii) Research activities directly related to the regulation of power reactors, except those activities specifically related to reactor decommissioning.

(iii) Generic activities required largely for NRC to regulate power reactors (e.g., updating part 50 of this chapter, or operating the Incident Response Center). The base annual fee for operating power reactors does not include generic activities specifically related to reactor decommissioning.

(c)(1) The FY 2004 annual fee for each power reactor holding a part 50 license that is in a decommissioning or possession only status and has spent fuel onsite and each independent spent fuel storage part 72 licensee who does not hold a part 50 license is $203,000.

(2) The FY 2004 annual fee is comprised of a base spent fuel storage/reactor decommissioning annual fee (which is also included in the operating power reactor annual fee shown in paragraph (b) of this section), and an additional charge (surcharge). The activities comprising the FY 2004 surcharge are shown in paragraph (d)(1) of this section. The activities comprising the FY 2004 spent fuel storage/reactor decommissioning rebaselined annual fee are:

(i) Generic and other research activities directly related to reactor decommissioning and spent fuel storage; and

(ii) Other safety, environmental, and safeguards activities related to reactor decommissioning and spent fuel storage, except costs for licensing and inspection activities that are recovered under part 170 of this chapter.

(d)(1) The activities comprising the FY 2004 surcharge are as follows:

(i) Low-level waste disposal generic activities;

(ii) Activities not attributable to an existing NRC licensee or class of licenses (e.g., international cooperative safety program and international safeguards activities, support for the Agreement State program, and complex materials site decommissioning activities not covered under Part 170); and

(iii) Activities not currently subject to 10 CFR part 170 licensing and inspection fees based on existing law or Commission policy (e.g., reviews and inspections conducted of nonprofit educational institutions, licensing actions for Federal agencies, and costs that would not be collected from small entities based on Commission policy in accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 et seq.).

(2) The total FY 2004 surcharge allocated to the operating power reactor class of licenses is $17.2 million, not including the amount allocated to the spent fuel storage/reactor decommissioning class. The FY 2004 operating power reactor surcharge to be assessed to each operating power reactor is approximately $165,000. This amount is calculated by dividing the total operating power reactor surcharge ($17.2 million) by the number of operating power reactors (104).

(3) The FY 2004 surcharge allocated to the spent fuel storage/reactor decommissioning class of licenses is $900,000. The FY 2004 spent fuel storage/reactor decommissioning surcharge to be assessed to each operating power reactor, each power reactor in decommissioning or possession only status that has spent fuel onsite, and to each independent spent fuel storage part 72 licensee who does not hold a part 50 license is approximately $7,800. This amount is calculated by dividing the total surcharge costs allocated to this class by the total number of power reactor licenses, except those that permanently ceased operations and have no fuel onsite, and part 72 licensees who do not hold a part 50 license.

(e) The FY 2004 annual fees for licensees authorized to operate a non-power (test and research) reactor licensed under part 50 of this chapter, unless the reactor is exempted from fees under §171.11(a), are as follows:

Research reactor . . . . . $62,500.
Test reactor . . . . . $62,500.

7. In §171.16, paragraphs (c), (d), and (e) are revised to read as follows:

<u>§171.16 Annual Fees: Materials Licensees, Holders of Certificates of Compliance, Holders of Sealed Source and Device Registrations, Holders of Quality Assurance Program Approvals, and Government Agencies Licensed by the NRC</u>.

* * * * *

(c) A licensee who is required to pay an annual fee under this section may qualify as a small entity. If a licensee qualifies as a small entity and provides the Commission with the proper certification along with its annual fee payment, the licensee may pay reduced annual fees as shown in the following table. Failure to file a small entity certification in a timely manner could result in the denial of any refund that might otherwise be due. The small entity fees are as follows:

	Maximum annual fee per licensed category
Small Businesses Not Engaged in Manufacturing and Small Not-For-Profit Organizations (Gross Annual Receipts)	
$350,000 to $5 million	$2,300.
Less than $350,000	500.
Manufacturing entities that have an average of 500 employees or less	
35 to 500 employees	2,300.
Less than 35 employees	500.
Small Governmental Jurisdictions (Including publicly supported educational institutions) (Population)	

20,000 to 50,000 . . . . . 2,300.

Less than 20,000 . . . . . 500.

Educational Institutions that
are not State or Publicly
Supported, and have 500 Employees
or Less

35 to 500 employees . . . . . 2,300.

Less than 35 employees . . . . . 500.

(1) A licensee qualifies as a small entity if it meets the size standards established by the NRC (See 10 CFR 2.810).

(2) A licensee who seeks to establish status as a small entity for the purpose of paying the annual fees required under this section must file a certification statement with the NRC. The licensee must file the required certification on NRC Form 526 for each license under which it is billed. NRC Form 526 can be accessed through the NRC's website at http://www.nrc.gov. For licensees who cannot access the NRC's website, NRC Form 526 may be obtained through the local point of contact listed in the NRC's "Materials Annual Fee Billing Handbook," NUREG/BR-0238, which is enclosed with each annual fee billing. The form can also be obtained by calling the fee staff at 301-415-7554, or by e-mailing the fee staff at fees@nrc.gov.

(3) For purposes of this section, the licensee must submit a new certification with its annual fee payment each year.

(4) The maximum annual fee a small entity is required to pay is $2,300 for each category applicable to the license(s).

(d) The FY 2004 annual fees are comprised of a base annual fee and an additional charge (surcharge). The activities comprising the FY 2004 surcharge are shown for convenience in paragraph (e) of this section. The FY 2004 annual fees for materials licensees and holders of certificates, registrations or approvals subject to fees under this section are shown in the following table:

SCHEDULE OF MATERIALS ANNUAL FEES
AND FEES FOR GOVERNMENT AGENCIES LICENSED BY NRC
(See footnotes at end of table)

Category of materials licenses	Annual fees[1, 2, 3]
1. Special nuclear material:	
A.(1) Licenses for possession and use of U-235 or plutonium for fuel fabrication activities.	
(a) Strategic Special Nuclear Material:	
BWX Technologies	
SNM-42	$4,573,000.
Nuclear Fuel Services	
SNM-124	4,573,000.
(b) Low Enriched Uranium in Dispersible Form Used for Fabrication of Power Reactor	

Fuel:

Global Nuclear Fuel

SNM-1097 . . . . . 1,533,000.

Framatome ANP Richland

SNM-1227 . . . . . 1,533,000.

Westinghouse Electric Company

SNM-1107 . . . . . 1,533,000.

(2) All other special nuclear materials licenses not included in Category 1.A.(1) which are licensed for fuel cycle activities.

(a) Facilities with limited operations:

Framatome ANP SNM-1168 . . . . . 602,000.

(b) All Others:

General Electric

SNM-960 . . . . . 438,000.

USEC Lead Cascade

SNM-7003 . . . . . 438,000.

B. Licenses for receipt and storage of spent fuel and reactor-related Greater than Class C (GTCC) waste at an independent spent fuel storage installation (ISFSI) . . . . . [11]N/A

C. Licenses for possession and use of special nuclear material in sealed sources contained in devices used in industrial measuring systems, including x-ray fluorescence analyzers . . . . . 1,900.

D. All other special nuclear material licenses, except licenses authorizing special nuclear material in unsealed form in combination that would constitute a critical quantity, as defined in §150.11 of this chapter, for which the licensee shall pay the same fees as those for Category 1.A.(2) . . . . . 4,700.

E. Licenses or certificates for the operation of a uranium enrichment facility . . . . . 2,848,000.

2. Source material:

A.(1) Licenses for possession and use of source material for refining uranium mill concentrates to uranium hexafluoride . . . . . 657,000.

(2) Licenses for possession and use of source material in recovery operations such as milling, in-situ leaching, heap-leaching, ore buying stations, ion exchange facilities and in processing of

ores containing source material for extraction of metals other than uranium or thorium, including licenses authorizing the possession of byproduct waste material (tailings) from source material recovery operations, as well as licenses authorizing the possession and maintenance of a facility in a standby mode.

Class I facilities[4] . . . . . 14,500.

Class II facilities[4] . . . . . 12,900.

Other facilities[4] . . . . . 157,600.

(3) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal, except those licenses subject to the fees in Category 2A(2) or Category 2A(4) . . . . . 12,800.

(4) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal incidental to the disposal of the

uranium waste tailings generated by the licensee's milling operations, except those licenses subject to the fees in Category 2A(2) . . . . . 12,900.

B. Licenses that authorize only the possession, use and/or installation of source material for shielding . . . . . 700.

C. All other source material licenses . . . . . 11,500.

3. Byproduct material:

A. Licenses of broad scope for possession and use of byproduct material issued under parts 30 and 33 of this chapter for processing or manufacturing of items containing byproduct material for commercial distribution . . . . . 22,000.

B. Other licenses for possession and use of byproduct material issued under part 30 of this chapter for processing or manufacturing of items containing byproduct material for commercial distribution . . . . . 6,700.

C. Licenses issued under §§32.72 and/or 32.74 of this chapter authorizing the processing or

manufacturing and distribution or redistribution of radiopharmaceuticals, generators, reagent kits and/or sources and devices containing byproduct material. This category also includes the possession and use of source material for shielding authorized under part 40 of this chapter when included on the same license. This category does not apply to licenses issued to nonprofit educational institutions whose processing or manufacturing is exempt under §171.11(a)(1). These licenses are covered by fee under Category 3D . . . . . 11,000.

D. Licenses and approvals issued under §§32.72 and/or 32.74 of this chapter authorizing distribution or redistribution of radiopharmaceuticals, generators, reagent kits and/or sources or devices not involving processing of byproduct material. This category includes licenses issued under §§32.72 and 32.74 of this chapter to nonprofit educational institutions whose processing or manufacturing is exempt under §171.11(a)(1). This category also includes the possession

and use of source material for shielding authorized under part 40 of this chapter when included on the same license . . . . . 4,500.

E. Licenses for possession and use of byproduct material in sealed sources for irradiation of materials in which the source is not removed from its shield (self-shielded units) . . . . . 3,500.

F. Licenses for possession and use of less than 10,000 curies of byproduct material in sealed sources for irradiation of materials in which the source is exposed for irradiation purposes. This category also includes underwater irradiators for irradiation of materials in which the source is not exposed for irradiation purposes . . . . . 6,400.

G. Licenses for possession and use of 10,000 curies or more of byproduct material in sealed sources for irradiation of materials in which the source is exposed for irradiation purposes. This category also includes underwater

irradiators for irradiation of materials in which the source is not exposed for irradiation purposes . . . . . 23,700.

H. Licenses issued under Subpart A of part 32 of this chapter to distribute items containing byproduct material that require device review to persons exempt from the licensing requirements of part 30 of this chapter, except specific licenses authorizing redistribution of items that have been authorized for distribution to persons exempt from the licensing requirements of part 30 of this chapter . . . . . 5,800.

I. Licenses issued under Subpart A of part 32 of this chapter to distribute items containing byproduct material or quantities of byproduct material that do not require device evaluation to persons exempt from the licensing requirements of part 30 of this chapter, except for specific licenses authorizing redistribution of items that have been authorized for distribution to persons exempt from the licensing requirements of part 30 of this chapter . . . . . 6,000.

J. Licenses issued under Subpart B of part 32 of this chapter to distribute items containing byproduct material that require sealed source and/or device review to persons generally licensed under part 31 of this chapter, except specific licenses authorizing redistribution of items that have been authorized for distribution to persons generally licensed under part 31 of this chapter . . . . . 2,200.

K. Licenses issued under Subpart B of part 31 of this chapter to distribute items containing byproduct material or quantities of byproduct material that do not require sealed source and/or device review to persons generally licensed under part 31 of this chapter, except specific licenses authorizing redistribution of items that have been authorized for distribution to persons generally licensed under part 31 of this chapter . . . . . 1,300.

L. Licenses of broad scope for possession and use of byproduct material issued under parts 30 and 33 of this chapter for research and development

that do not authorize commercial distribution . . . . . 11,900.

M. Other licenses for possession and use of byproduct material issued under part 30 of this chapter for research and development that do not authorize commercial distribution . . . . . 5,900.

N. Licenses that authorize services for other licensees, except:

(1) Licenses that authorize only calibration and/or leak testing services are subject to the fees specified in fee Category 3P; and

(2) Licenses that authorize waste disposal services are subject to the fees specified in fee Categories 4A, 4B, and 4C . . . . . 6,400.

O. Licenses for possession and use of byproduct material issued under part 34 of this chapter for industrial radiography operations. This category also includes the possession and use of source material for shielding authorized under part 40 of this chapter when authorized on the same license . . . . . 11,900.

P. All other specific byproduct material licenses, except those in Categories 4A through 9D . . . . . 2,500.

Q. Registration of devices generally licensed pursuant to part 31 of this chapter . . . . . [13]N/A

4. Waste disposal and processing:

A. Licenses specifically authorizing the receipt of waste byproduct material, source material, or special nuclear material from other persons for the purpose of contingency storage or commercial land disposal by the licensee; or licenses authorizing contingency storage of low-level radioactive waste at the site of nuclear power reactors; or licenses for receipt of waste from other persons for incineration or other treatment, packaging of resulting waste and residues, and transfer of packages to another person authorized to receive or dispose of waste material . . . . . [5]N/A

B. Licenses specifically authorizing the receipt of waste byproduct material, source material, or special nuclear material from other persons for the

purpose of packaging or repackaging the material. The licensee will dispose of the material by transfer to another person authorized to receive or dispose of the material . . . . . 10,500.

C. Licenses specifically authorizing the receipt of prepackaged waste byproduct material, source material, or special nuclear material from other persons. The licensee will dispose of the material by transfer to another person authorized to receive or dispose of the material . . . . . 7,700.

5. Well logging:

A. Licenses for possession and use of byproduct material, source material, and/or special nuclear material for well logging, well surveys, and tracer studies other than field flooding tracer studies . . . . . 4,600.

B. Licenses for possession and use of byproduct material for field flooding tracer studies . . . . . [5]N/A

6. Nuclear laundries:

A. Licenses for commercial collection and

laundry of items contaminated with byproduct material, source material, or special nuclear material . . . . . 22,900.

7. Medical licenses:

A. Licenses issued under parts 30, 35, 40, and 70 of this chapter for human use of byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices. This category also includes the possession and use of source material for shielding when authorized on the same license . . . . . 10,700.

B. Licenses of broad scope issued to medical institutions or two or more physicians under parts 30, 33, 35, 40, and 70 of this chapter authorizing research and development, including human use of byproduct material except licenses for byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices. This category also includes the possession and use of source material for shielding when

authorized on the same license.[9] . . . . . 25,000.

C. Other licenses issued under parts 30, 35, 40, and 70 of this chapter for human use of byproduct material, source material, and/or special nuclear material except licenses for byproduct material, source material, or special nuclear material in sealed sources contained in teletherapy devices. This category also includes the possession and use of source material for shielding when authorized on the same license.[9] . . . . . 4,500.

8. Civil defense:

A. Licenses for possession and use of byproduct material, source material, or special nuclear material for civil defense activities . . . . . 1,300.

9. Device, product, or sealed source safety evaluation:

A. Registrations issued for the safety evaluation of devices or products containing byproduct material, source material, or special nuclear material, except reactor fuel devices, for commercial distribution . . . . . 6,700.

B. Registrations issued for the safety evaluation of devices or products containing byproduct material, source material, or special nuclear material manufactured in accordance with the unique specifications of, and for use by, a single applicant, except reactor fuel devices . . . . . 6,700.

C. Registrations issued for the safety evaluation of sealed sources containing byproduct material, source material, or special nuclear material, except reactor fuel, for commercial distribution . . . . . 2,200.

D. Registrations issued for the safety evaluation of sealed sources containing byproduct material, source material, or special nuclear material, manufactured in accordance with the unique specifications of, and for use by, a single applicant, except reactor fuel . . . . . 710.

10. Transportation of radioactive material:

A. Certificates of Compliance or other package approvals issued for design of casks, packages, and shipping containers.

Spent Fuel, High-Level Waste, and plutonium air packages . . . . . [6]N/A

Other Casks . . . . . [6]N/A

B. Quality assurance program approvals issued under part 71 of this chapter.

Users and Fabricators . . . . . 91,300.

Users . . . . . 7,400.

C. Evaluation of security plans, route approvals, route surveys, and transportation security devices (including immobilization devices) . . . . . [6]N/A

11. Standardized spent fuel facilities . . . . . [6]N/A

12. Special Projects . . . . . [6]N/A

13. A. Spent fuel storage cask Certificate of Compliance . . . . . [6]N/A

B. General licenses for storage of spent fuel under 10 CFR 72.210 . . . . . [12]N/A

14. Byproduct, source, or special nuclear material licenses and other approvals authorizing decommissioning, decontamination, reclamation, or site restoration activities under parts 30, 40,

70, 72, and 76 of this chapter . . . . . [7]N/A

15. Import and Export licenses . . . . . [8]N/A

16. Reciprocity . . . . . [8]N/A

17. Master materials licenses of broad scope issued to Government agencies . . . . . 247,000.

18. Department of Energy:

A. Certificates of Compliance . . . . . [10]1,525,000.

B. Uranium Mill Tailing Radiation Control Act (UMTRCA) activities . . . . . 453,000.

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[1] Annual fees will be assessed based on whether a licensee held a valid license with the NRC authorizing possession and use of radioactive material during the current fiscal year. However, the annual fee is waived for those materials licenses and holders of certificates, registrations, and approvals who either filed for termination of their licenses or approvals or filed for possession only/storage licenses before October 1, 2003, and permanently ceased licensed activities entirely by September 30, 2003. Annual fees for licensees who filed for termination of a license, downgrade of a license, or for a possession only license during the fiscal year and for new licenses issued during the fiscal year will be prorated in accordance with the provisions of §171.17. If a person holds more than one license, certificate, registration, or approval, the annual fee(s) will be assessed for each license, certificate, registration, or approval held by that person. For licenses that authorize more than one activity on a single license (e.g., human use and irradiator activities), annual fees will be assessed for each category applicable to the license. Licensees paying annual fees under Category 1A(1) are not subject to the annual fees for Category 1C and 1D for sealed sources authorized in the license.

[2] Payment of the prescribed annual fee does not automatically renew the license, certificate, registration, or approval for which the fee is paid. Renewal applications must be filed in accordance with the requirements of parts 30, 40, 70, 71, 72, or 76 of this chapter.

[3] Each fiscal year, fees for these materials licenses will be calculated and assessed in accordance with §171.13 and will be published in the Federal Register for notice and comment.

[4] A Class I license includes mill licenses issued for the extraction of uranium from uranium ore. A Class II license includes solution mining licenses (in-situ and heap leach) issued for the extraction of uranium from uranium ores including research and development licenses. An "other" license includes licenses for extraction of metals, heavy metals, and rare earths.

[5] There are no existing NRC licenses in these fee categories. If NRC issues a license for these categories, the Commission will consider establishing an annual fee for this type of license.

[6] Standardized spent fuel facilities, 10 CFR Parts 71 and 72 Certificates of Compliance, and special reviews, such as topical reports, are not assessed an annual fee because the generic costs of regulating these activities are primarily attributable to users of the designs, certificates, and topical reports.

[7] Licensees in this category are not assessed an annual fee because they are charged an annual fee in other categories while they are licensed to operate.

[8] No annual fee is charged because it is not practical to administer due to the relatively short life or temporary nature of the license.

[9] Separate annual fees will not be assessed for pacemaker licenses issued to medical institutions who also hold nuclear medicine licenses under Categories 7B or 7C.

[10] This includes Certificates of Compliance issued to DOE that are not under the Nuclear Waste Fund.

[11] See §171.15(c).

[12] See §171.15(c).

[13] No annual fee is charged for this category because the cost of the general license registration program applicable to licenses in this category will be recovered through 10 CFR Part 170 fees.

(e) The activities comprising the surcharge are as follows:

(1) LLW disposal generic activities;

(2) Activities not directly attributable to an existing NRC licensee or class(es) of licenses (e.g., international cooperative safety program and international safeguards activities; support for the Agreement State program; complex materials site decommissioning activities not covered under Part 170 activities; and

(3) Activities not currently assessed licensing and inspection fees under 10 CFR Part 170 based on existing law or Commission policy (e.g., reviews and inspections of nonprofit educational institutions and reviews for Federal agencies; activities related to decommissioning and reclamation; and costs that would not be collected from small entities based on Commission policy in accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 et seq.).

Dated at Rockville, Maryland, this __9th___ day of __April_____, 2004.

For the Nuclear Regulatory Commission.

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Jesse L. Funches,
Chief Financial Officer.

NOTE: THIS APPENDIX WILL NOT APPEAR IN THE CODE OF FEDERAL REGULATIONS.

APPENDIX A TO THIS FINAL RULE -- DRAFT REGULATORY FLEXIBILITY ANALYSIS FOR THE AMENDMENTS TO 10 CFR PART 170 (LICENSE FEES) AND 10 CFR PART 171 (ANNUAL FEES)

I. Background.

The Regulatory Flexibility Act (RFA), as amended (5 U.S.C. 601 et seq.), requires that agencies consider the impact of their rulemakings on small entities and, consistent with applicable statutes, consider alternatives to minimize these impacts on the businesses, organizations, and government jurisdictions to which they apply.

The NRC has established standards for determining which NRC licensees qualify as small entities (10 CFR 2.810). These size standards were established based on the Small Business Administration's most common receipts-based size standards and include a size standard for business concerns that are manufacturing entities. The NRC uses the size standards to reduce the impact of annual fees on small entities by establishing a licensee's eligibility to qualify for a maximum small entity fee. The small entity fee categories in §171.16(c) of this final rule are based on the NRC's size standards.

From FY 1991 through FY 2000, the Omnibus Budget Reconciliation Act (OBRA-90), as amended, required that the NRC recover approximately 100 percent of its budget authority, less appropriations from the Nuclear Waste Fund, by assessing license and annual fees. The FY

2001 Energy and Water Development Appropriations Act amended OBRA-90 to decrease the NRC's fee recovery amount by 2 percent per year beginning in FY 2001, until the fee recovery amount is 90 percent in FY 2005. The amount to be recovered for FY 2004 is approximately $545.3 million.

OBRA-90 requires that the schedule of charges established by rulemaking should fairly and equitably allocate the total amount to be recovered from the NRC's licensees and be assessed under the principle that licensees who require the greatest expenditure of agency resources pay the greatest annual charges. Since FY 1991, the NRC has complied with OBRA-90 by issuing a final rule that amends its fee regulations. These final rules have established the methodology used by NRC in identifying and determining the fees to be assessed and collected in any given fiscal year.

In FY 1995, the NRC announced that, to stabilize fees, annual fees would be adjusted only by the percentage change (plus or minus) in NRC's total budget authority, adjusted for changes in estimated collections for 10 CFR Part 170 fees, the number of licensees paying annual fees, and as otherwise needed to assure the billed amounts resulted in the required collections. The NRC indicated that if there were a substantial change in the total NRC budget authority or the magnitude of the budget allocated to a specific class of licenses, the annual fee base would be recalculated.

In FY 1999, the NRC concluded that there had been significant changes in the allocation of agency resources among the various classes of licenses and established rebaselined annual fees for FY 1999. The NRC stated in the final FY 1999 rule that to stabilize fees it would continue to adjust the annual fees by the percent change method established in FY 1995, unless

there is a substantial change in the total NRC budget or the magnitude of the budget allocated to a specific class of licenses, in which case the annual fee base would be reestablished.

Based on the change in the magnitude of the budget to be recovered through fees, the Commission has determined that it is appropriate to rebaseline its part 171 annual fees again in FY 2004. Rebaselining fees will result in decreased annual fees for a majority of the categories of licenses (including many materials licensees) and increased annual fees for other categories.

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) is intended to reduce regulatory burdens imposed by Federal agencies on small businesses, nonprofit organizations, and governmental jurisdictions. SBREFA also provides Congress with the opportunity to review agency rules before they go into effect. Under this legislation, the NRC annual fee rule is considered a "major" rule and must be reviewed by Congress and the Comptroller General before the rule becomes effective. SBREFA also requires that an agency prepare a guide to assist small entities in complying with each rule for which a final regulatory flexibility analysis is prepared. This Regulatory Flexibility Analysis (RFA) and the small entity compliance guide (Attachment 1) have been prepared for the FY 2004 fee rule as required by law.

II. Impact on small entities.

The fee rule results in substantial fees being charged to those individuals, organizations, and companies that are licensed by the NRC, including those licensed under the NRC materials program. The comments received on previous proposed fee rules and the small entity certifications received in response to previous final fee rules indicate that NRC licensees qualifying as small entities under the NRC's size standards are primarily materials licensees.

Therefore, this analysis will focus on the economic impact of the annual fees on materials licensees. About 27 percent of these licensees (approximately 1,300 licensees for FY 2003) have requested small entity certification in the past. A 1993 NRC survey of its materials licensees indicated that about 25 percent of these licensees could qualify as small entities under the NRC's size standards.

The commenters on previous fee rulemakings consistently indicated that the following results would occur if the proposed annual fees were not modified:

1. Large firms would gain an unfair competitive advantage over small entities. Commenters noted that small and very small companies ("Mom and Pop" operations) would find it more difficult to absorb the annual fee than a large corporation or a high-volume type of operation. In competitive markets, such as soil testing, annual fees would put small licensees at an extreme competitive disadvantage with their much larger competitors because the proposed fees would be the same for a two-person licensee as for a large firm with thousands of employees.

2. Some firms would be forced to cancel their licenses. A licensee with receipts of less than $500,000 per year stated that the proposed rule would, in effect, force it to relinquish its soil density gauge and license, thereby reducing its ability to do its work effectively. Other licensees, especially well-loggers, noted that the increased fees would force small businesses to get rid of the materials license altogether. Commenters stated that the proposed rule would result in about 10 percent of the well-logging licensees terminating their licenses immediately and approximately 25 percent terminating their licenses before the next annual assessment.

3. Some companies would go out of business.

4. Some companies would have budget problems. Many medical licensees noted that, along with reduced reimbursements, the proposed increase of the existing fees and the introduction of additional fees would significantly affect their budgets. Others noted that, in view of the cuts by Medicare and other third party carriers, the fees would produce a hardship and some facilities would experience a great deal of difficulty in meeting this additional burden.

Approximately 3,000 license, approval, and registration terminations have been requested since the NRC first established annual fees for materials licenses. Although some of these terminations were requested because the license was no longer needed or licenses or registrations could be combined, indications are that other termination requests were due to the economic impact of the fees.

To alleviate the significant impact of the annual fees on a substantial number of small entities, the NRC considered the following alternatives in accordance with the RFA, in developing each of its fee rules since FY 1991.

1. Base fees on some measure of the amount of radioactivity possessed by the licensee (e.g., number of sources).

2. Base fees on the frequency of use of the licensed radioactive material (e.g., volume of patients).

3. Base fees on the NRC size standards for small entities.

The NRC has reexamined its previous evaluations of these alternatives and continues to believe that establishment of a maximum fee for small entities is the most appropriate and effective option for reducing the impact of its fees on small entities.

III. Maximum Fee.

The RFA and its implementing guidance do not provide specific guidelines on what constitutes a significant economic impact on a small entity; therefore, the NRC has no benchmark to assist it in determining the amount or the percent of gross receipts that should be charged to a small entity. In developing the maximum small entity annual fee in FY 1991, the NRC examined its 10 CFR Part 170 licensing and inspection fees and Agreement State fees for those fee categories which were expected to have a substantial number of small entities. Six Agreement States (Washington, Texas, Illinois, Nebraska, New York, and Utah), were used as benchmarks in the establishment of the maximum small entity annual fee in FY 1991. Because small entities in those Agreement States were paying the fees, the NRC concluded that these fees did not have a significant impact on a substantial number of small entities. Therefore, those fees were considered a useful benchmark in establishing the NRC maximum small entity annual fee.

The NRC maximum small entity fee was established as an annual fee only. In addition to the annual fee, NRC small entity licensees were required to pay amendment, renewal and inspection fees. In setting the small entity annual fee, NRC ensured that the total amount small entities paid annually would not exceed the maximum paid in the six benchmark Agreement States.

Of the six benchmark states, the maximum Agreement State fee of $3,800 in Washington was used as the ceiling for the total fees. Thus the NRC's small entity fee was developed to ensure that the total fees paid by NRC small entities would not exceed $3,800. Given the NRC's FY 1991 fee structure for inspections, amendments, and renewals, a small entity annual fee established at $1,800 allowed the total fee (small entity annual fee plus yearly average for inspections, amendments and renewal fees) for all categories to fall under the $3,800 ceiling.

In FY 1992, the NRC introduced a second, lower tier to the small entity fee in response to concerns that the $1,800 fee, when added to the license and inspection fees, still imposed a significant impact on small entities with relatively low gross annual receipts. For purposes of the annual fee, each small entity size standard was divided into an upper and lower tier. Small entity licensees in the upper tier continued to pay an annual fee of $1,800 while those in the lower tier paid an annual fee of $400.

Based on the changes that had occurred since FY 1991, the NRC re-analyzed its maximum small entity annual fees in FY 2000, and determined that the small entity fees should be increased by 25 percent to reflect the increase in the average fees paid by other materials licensees since FY 1991, as well as changes in the fee structure for materials licensees. The structure of the fees that NRC charged to its materials licensees changed during the period between 1991 and 1999. Costs for materials license inspections, renewals, and amendments, which were previously recovered through part 170 fees for services, are now included in the part 171 annual fees assessed to materials licensees. As a result, the maximum small entity annual fee increased from $1,800 to $2,300 in FY 2000. By increasing the maximum annual fee for small entities from $1,800 to $2,300, the annual fee for many small entities was reduced while at the same time materials licensees, including small entities, would pay for most of the costs

attributable to them. The costs not recovered from small entities are allocated to other materials licensees and to power reactors.

While reducing the impact on many small entities, the NRC determined that the maximum annual fee of $2,300 for small entities may continue to have a significant impact on materials licensees with annual gross receipts in the thousands of dollars range. Therefore, the NRC continued to provide a lower-tier small entity annual fee for small entities with relatively low gross annual receipts, and for manufacturing concerns and educational institutions not State or publicly supported, with less than 35 employees. The NRC also increased the lower tier small entity fee by the same percentage increase to the maximum small entity annual fee. This 25 percent increase resulted in the lower tier small entity fee increasing from $400 to $500 in FY 2000.

The NRC examined the small entity fees again in FY 2001 (66 FR 32452; June 14, 2001), and determined that a change was not warranted to the small entity fees established in FY 2000. The NRC stated in the Regulatory Flexibility Analysis for the FY 2001 final fee rule that it would re-examine the small entity fees every two years, in the same years in which it conducts the biennial review of fees as required by the CFO Act.

Accordingly, the NRC re-examined the small entity fees for FY 2003, and did not believe that a change to the small entity fees was warranted. Unlike the annual fees assessed to other licensees, the small entity fees are not designed to recover the agency costs associated with particular licensees. Instead, the reduced fees for small entities are designed to provide some fee relief for qualifying small entity licensees while at the same time recovering from them some of the agency's costs for activities that benefit them. The costs not recovered from small entities for activities that benefit them must be recovered from other licensees. Given the reduction in

annual fees and the relative low inflation rates, the NRC has determined that the current small entity fees of $500 and $2,300 continue to meet the objective of providing relief to many small entities while recovering from them some of the costs that benefit them.

Therefore, the NRC is retaining the $2,300 small entity annual fee and the $500 lower tier small entity annual fee for FY 2004. The NRC plans to re-examine the small entity fees again in FY 2005.

IV. Summary.

The NRC has determined that the 10 CFR Part 171 annual fees significantly impact a substantial number of small entities. A maximum fee for small entities strikes a balance between the requirement to recover 92 percent of the NRC budget and the requirement to consider means of reducing the impact of the fee on small entities. Based on its regulatory flexibility analysis, the NRC concludes that a maximum annual fee of $2,300 for small entities and a lower-tier small entity annual fee of $500 for small businesses and not-for-profit organizations with gross annual receipts of less than $350,000, small governmental jurisdictions with a population of less than 20,000, small manufacturing entities that have less than 35 employees, and educational institutions that are not State or publicly supported and have less than 35 employees reduces the impact on small entities. At the same time, these reduced annual fees are consistent with the objectives of OBRA-90. Thus, the fees for small entities maintain a balance between the objectives of OBRA-90 and the RFA. Therefore, the analysis and conclusions previously established remain valid for FY 2004.

U. S. Nuclear Regulatory Commission

Small Entity Compliance Guide

Fiscal Year 2004

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Introduction

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) requires all Federal agencies to prepare a written guide for each "major" final rule, as defined by the Act. The NRC's fee rule, published annually to comply with the Omnibus Budget Reconciliation Act of 1990 (OBRA-90), as amended, is considered a "major" rule under SBREFA. Therefore, in compliance with the law, this guide has been prepared to assist NRC materials licensees in complying with the FY 2004 fee rule.

Licensees may use this guide to determine whether they qualify as a small entity under NRC regulations and are eligible to pay reduced FY 2004 annual fees assessed under 10 CFR Part 171. The NRC has established two tiers of annual fees for those materials licensees who qualify as small entities under the NRC's size standards.

Licensees who meet the NRC's size standards for a small entity must submit a completed NRC Form 526 "Certification of Small Entity Status for the Purposes of Annual Fees Imposed Under 10 CFR Part 171" to qualify for the reduced annual fee. This form can be accessed on the NRC's website at http://www.nrc.gov. The form can then be accessed by selecting "License Fees" and under "Forms" selecting NRC Form 526. For licensees who cannot access the NRC's website, NRC Form 526 may be obtained through the local point of contact listed in the NRC's "Materials Annual Fee Billing Handbook," NUREG/BR-0238, which is enclosed with each annual fee billing. Alternatively, the form may be obtained by calling the fee staff at 301-415-7554, or by e-mailing the fee staff at fees@nrc.gov. The completed form, the appropriate small entity fee, and the payment copy of the invoice should be mailed to the U.S. Nuclear Regulatory Commission, License Fee Team, at the address indicated on the invoice.

Failure to file the NRC small entity certification Form 526 in a timely manner may result in the denial of any refund that might otherwise be due.

NRC Definition of Small Entity

For purposes of compliance with its regulations (10 CFR 2.810), the NRC has defined a small entity as follows:

(1) *Small business*--a for-profit concern that provides a service, or a concern that is not engaged in manufacturing, with average gross receipts of $5 million or less over its last 3 completed fiscal years;

(2) *Manufacturing industry*--a manufacturing concern with an average of 500 or fewer employees during each pay period for the preceding 12 calendar months;

(3) *Small organizations*–a not-for-profit organization that is independently owned and operated and has annual gross receipts of $5 million or less;

(4) *Small governmental jurisdiction*–a government of a city, county, town, township, village, school district or special district, with a population of less than 50,000;

(5) *Small educational institution*–an educational institution supported by a qualifying small governmental jurisdiction, or one that is not State or publicly supported and has 500 or fewer employees.[1]

[1] An educational institution referred to in the size standards is an entity whose primary function is education, whose programs are accredited by a nationally recognized accrediting agency or association, who is legally authorized to provide a program of organized instruction or study, who provides an educational program for which it awards academic degrees, and whose educational programs are available to the public.

To further assist licensees in determining if they qualify as a small entity, the following guidelines are provided, which are based on the Small Business Administration's regulations (13 CFR Part 121).

(1) A small business concern is an independently owned and operated entity which is not considered dominant in its field of operations.

(2) The number of employees means the total number of employees in the parent company, any subsidiaries and/or affiliates, including both foreign and domestic locations (i.e., not solely the number of employees working for the licensee or conducting NRC licensed activities for the company).

(3) Gross annual receipts includes all revenue received or accrued from any source, including receipts of the parent company, any subsidiaries and/or affiliates, and account for both foreign and domestic locations. Receipts include all revenues from sales of products and services, interest, rent, fees, and commissions, from whatever sources derived (i.e., not solely receipts from NRC licensed activities).

(4) A licensee who is a subsidiary of a large entity does not qualify as a small entity.

NRC Small Entity Fees

In 10 CFR 171.16 (c), the NRC has established two tiers of fees for licensees that qualify as small entity under the NRC's size standards. The fees are as follows:

	Maximum annual fee per licensed category
Small business not engaged	

in manufacturing and small

not-for profit organizations

(Gross Annual Receipts)

$350,000 to $5 million . . . . . $2,300.

Less than $350,000 . . . . . 500.

Manufacturing entities that

have an average of 500

employees or less

35 to 500 employees . . . . . 2,300.

Less than 35 employees . . . . . 500.

Small Governmental Jurisdictions

(Including publicly supported

educational institutions)

(population)

20,000 to 50,000 . . . . . 2,300.

Less than 20,000 . . . . . 500.

Educational institutions that

are not State or publicly

supported, and have 500 Employees

or less

35 to 500 employees . . . . . 2,300.

Less than 35 employees . . . . . 500.

To pay a reduced annual fee, a licensee must use NRC Form 526. Licensees can access this form on the NRC's website at http://www.nrc.gov. The form can then be accessed by selecting "License Fees" and under "Forms" selecting NRC Form 526. Those licensees that qualify as a "small entity" under the NRC size standards at 10 CFR Part 2.810 can complete the form in accordance with the instructions provided, and submit the completed form and the appropriate payment to the address provided on the invoice. For licensees who cannot access the NRC's website, NRC Form 526 may be obtained through the local point of contact listed in the NRC's "Materials Annual Fee Billing Handbook," NUREG/BR-0238, which is enclosed with each annual fee invoice. Alternatively, licensees may obtain the form by calling the fee staff at 301-415-7544, or by e-mailing us at fees@nrc.gov.

Instructions for Completing NRC Small Entity Form 526

(1) File a separate NRC Form 526 for each annual fee invoice received.

(2) Complete all items on NRC Form 526, as follows:

a. Enter the license number and invoice number exactly as they appear on the annual fee invoice.

b. Enter the Standard Industrial Classification (SIC) or North American Industry Classification System (NAICS) if known.

c. Enter the licensee's name and address as they appear on the invoice. Name and/or address changes for billing purposes must be annotated on the invoice. Correcting the name and/or address on NRC Form 526, or on the invoice does

not constitute a request to amend the license. Any request to amend a license must be submitted to the respective licensing staff in the NRC's regional or headquarters offices.

d. Check the appropriate size standard for which the licensee qualifies as a small entity. Check only one box. Note the following:

(i) A licensee who is a subsidiary of a large entity does not qualify as a small entity.

(ii) The size standards apply to the licensee, including all parent companies and affiliates-- not the individual authorized users listed in the license or the particular segment of the organization that uses licensed material.

(iii) Gross annual receipts means all revenue in whatever form received or accrued from whatever sources --not solely receipts from licensed activities. There are limited exceptions as set forth at 13 CFR 121.104. These are: the term receipts excludes net capital gains or losses; taxes collected for and remitted to a taxing authority (if included in gross or total income), proceeds from the transactions between a concern and its domestic or foreign affiliates (if also excluded from gross or total income on a consolidated return filed with the IRS); and amounts collected for another entity by a travel agent, real estate agent, advertising agent, or conference management service provider.

(iv) The owner of the entity, or an official empowered to act on behalf of the entity, must sign and date the small entity certification.

The NRC sends invoices to its licensees for the full annual fee, even though some licensees qualify for reduced fees as small entities. Licensees who qualify as small entities and file NRC Form 526, which certifies eligibility for small entity fees, may pay the reduced fee, which

is either $2,300 or $500 for a full year, depending on the size of the entity, for each fee category shown on the invoice. Licensees granted a license during the first 6 months of the fiscal year, and licensees who file for termination or for a “possession only” license and permanently cease licensed activities during the first 6 months of the fiscal year, pay only 50 percent of the annual fee for that year. Such invoices state that the "amount billed represents 50% proration." This means that the amount due from a small entity is not the prorated amount shown on the invoice, but rather one-half of the maximum annual fee shown on NRC Form 526 for the size standard under which the licensee qualifies, resulting in a fee of either $1,150 or $250 for each fee category billed (instead of the full small entity annual fee of $2,300 or $500).

Licensees must file a new small entity form (NRC Form 526) with the NRC each fiscal year to qualify for reduced fees in that year. Because a licensee's "size,” or the size standards, may change from year to year, the invoice reflects the full fee and licensees must complete and return form 526 for the fee to be reduced to the small entity fee amount. LICENSEES WILL NOT RECEIVE A NEW INVOICE FOR THE REDUCED AMOUNT. The completed NRC Form 526, the payment of the appropriate small entity fee, and the "Payment Copy " of the invoice should be mailed to the U. S. Nuclear Regulatory Commission, License Fee Team at the address indicated on the invoice.

If you have questions regarding the NRC’s annual fees, please contact the license fee staff at 301-415-7554, e-mail the fee staff at fees@nrc.gov, or write to the U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Office of the Chief Financial Officer.

False certification of small entity status could result in civil sanctions being imposed by the NRC under the Program Fraud Civil Remedies Act, 31 U.S.C. 3801 et. seq. NRC's implementing regulations are found at 10 CFR Part 13.

and reclamation; and costs that would not be collected from small entities based on Commission policy in accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 et seq.)

Dated at Rockville, Maryland, this __9th____ day of ___April_____, 2004.

For the Nuclear Regulatory Commission.

__***/RA/***_ _ _____
Jesse L. Funches,
Chief Financial Officer.

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