

April 21, 2004

Mr. John Pfeiffer
Office of Management and Budget
New Executive Office Building
725 17th Street, NW, Room 8025
Washington, DC 20503

Dear Mr. Pfeiffer:

The Omnibus Budget Reconciliation Act of 1990, as amended, requires that the U.S. Nuclear Regulatory Commission (NRC) recover approximately 92 percent of its FY 2004 budget authority, less the appropriation from the Nuclear Waste Fund, by assessing license and annual fees. The NRC is required to recover approximately \$545.3 million in FY 2004. The fee recovery amount is reduced by a \$3.5 million carryover from additional collections in FY 2003 that were unanticipated at the time the final FY 2003 fee rule was published. This leaves approximately \$541.8 million to be recovered in FY 2004 through part 170 licensing and inspection fees, part 171 annual fees, and other offsetting receipts.

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

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

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

Enclosed is a copy of the final rule which is being transmitted to the *Federal Register* for publication. The final rule will become effective 60 days after publication.

Sincerely,

/RA/

Anthony C. Rossi, Acting Director
Division of Financial Management
Office of the Chief Financial Officer

Enclosure: Final Revision to
10 CFR Parts 170 and 171

