

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. 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 by the NRC, of which there are currently 104.) Hence, 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. ~~Costs do not vary significantly among~~
~~reactors whose licensed thermal power fractions vary.~~ Hence, the NRC does not believe that a
 change to its power reactor annual fee calculation methodology is justified. However,
 in accordance w/ 171.11 (c), the Commission may grant an ~~an~~ annual fee exemption for reactors
 licensed to operate, taking into consideration factors such
 as size.

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