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Nuclear Products Division

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March 29, 2005 (11:13am)

March 21, 2005  
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OFFICE OF SECRETARY  
RULEMAKINGS AND  
ADJUDICATIONS STAFF

Secretary  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001  
Attn: Rulemaking and Adjudications Staff

Reference: Notice received from NRC "NRC Proposes to Amend Licensing, Inspection, and Annual Fees Rule" dated February 22, 2005

Subject: (RIN 3150-AH61) BWXT Comments on Significant Fee Increases

Gentlemen:

BWXT, Nuclear Products Division (NPD) is providing these comments in response to the significant fee increase proposed by NRC for GFY 2005. Under NRC's proposal, BWXT's annual fees will increase from \$4,573,000 in GFY2004 to \$5,883,000 in GFY2005. This is an increase of 23%.

The basis for this increase for Fuel Facilities is stated to be,

*"partly attributable to the decrease in estimated part 170 revenue for the fuel facility class compared to 2004. This FY 2005 revenue decrease results partly from part 170 fuel facilities' revenue in FY 2004 including a one-time adjustment (increase) for revenue to account for fuel facilities that were improperly coded (i.e. costs associated with the Duke Cogema Stone and Webster application) and not factored into the fee calculations for FY 2001, FY 2002, and FY 2003....."*

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May be exempt from public release under the Freedom of Information Act (5 U.S.C. 552)
Exemption number <u>2</u>
BWXT review required before public release
<u>M. W. Jackson - BWXT, NPD</u>
Name and organization of person making determination
Date of determination <u>3/21/05</u>

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Template = SECY-067

SECY-02

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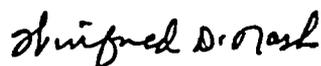
March 21, 2005

BWXT would like to express the following points in relation to the proposed increase.

1. The last three years have been unpredictable with respect to estimating the impact of the proposed fee increase for fuel cycle facilities. The increase for fuel cycle facilities for GFY 2003 was 43%, which created a significant and unanticipated negative financial impact on BWXT. GFY 2004 provided for a significant reduction in these fees. In the 2005 Proposed Fee Rule, NRC indicated that there was a one-time adjustment increase for revenue to account for fuel facilities that were improperly coded (i.e. costs associated with the Duke Cogema Stone and Webster) application. There was no mention of the adjustment in the 2004 rule. Therefore, BWXT was unable to consider this adjustment and anticipate such a significant increase in the 2005 licensing fees. BWXT did anticipate that after such a significant increase in the 2003 fees due to enhanced security requirements, that the fees would somewhat stabilize and become more predictable.
2. BWXT is disappointed that NRC did not communicate the potential magnitude of these fee increases earlier in the process. The magnitude of a 23% increase must have been apparent to NRC management prior to publishing the proposed fees. Early communication on the potential magnitude of the increase would have provided opportunity to forecast and minimize financial impacts that result from such a drastic increase.

BWXT requests that NRC take action to review and forecast ongoing costs and fees over the next five years so that licensees are able to predict fee increases more accurately thus minimizing the impacts on business cost forecasts. If you have questions, please call me at 434-522-5912.

Sincerely,



W.D. Nash  
Vice President and General Manager  
BWXT, Nuclear Products Division

cc: U.S. Nuclear Regulatory Commission, Region II  
NRC Resident Inspector

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