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STARS-06006

March 15, 2006

Secretary
U. S. Nuclear Regulatory Commission
Washington, DC 20555
Attn: Rulemakings and Adjudications Staff

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OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

**STRATEGIC TEAMING AND RESOURCE SHARING (STARS)
COMMENTS ON REVISION OF FEE SCHEDULES;
FEE RECOVERY FOR FY 2006
(RIN 3150-AH83, 71 FR 7350)**

Gentlemen:

This letter provides the Strategic Teaming and Resource Sharing (STARS)¹ nuclear power plants' comments on the NRC's proposed Revision of Fee Schedules, Fee Recovery for FY 2006 (71 FR 7350), published in the Federal Register on February 10, 2006.

While STARS plants understand that increases in the NRC budget may occur, we endorse Nuclear Energy Institute comments on this matter and have the following specific concerns with the proposed fee schedules. First, reactor license fee changes of this magnitude (\$500,000 per reactor) cause an undue burden on station budgets. Because the NRC fiscal year differs from the majority of licensee fiscal years, and fee recovery for the annual fee is not known until after a new calendar year begins, the process forces licensees to estimate potential changes to the NRC fiscal year fee structure six to eight months in advance of the rulemaking. Although we strive to predict the increases that may occur, an unexpected increase of this magnitude, which occurs well after our budgets for a given year are set, causes licensees to fully reassess expenditures to cover the unexpected expense. In addition, the increase in the hourly rate can also be burdensome and cause significant, unexpected expenses, especially for licensees that have NRC resource intensive inspections the last quarter of a given year (when the new fee structure takes effect). These increases are significant. STARS stations, for example, will experience a

¹ STARS is an alliance of six plants (eleven nuclear units) operated by TXU Power, AmerenUE, Wolf Creek Nuclear Operating Corporation, Pacific Gas and Electric Company, STP Nuclear Operating Company and Arizona Public Service Company.

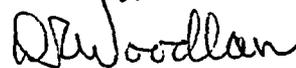
combined base fee impact of \$5.5 million. Coupled with professional fee increases, we expect a minimum impact of \$550,000 per reactor, totaling \$6.05 million for the STARS alliance stations.

We believe that NRC staff should work closely with NEI and licensees, in the near-term, to identify a means to minimize the impact of the existing annual fee structure on station budgets. Statements made by various Commissioners at the recent Regulatory Information Conference cause us to believe that another significant fee increase is expected for the FY 2007 budget. We heard statements that indicated another 400 NRC staff members would be needed by the start of 2008, and also heard that the NRC would need to hire 350 people each year for the next few years. These statements concern us, in that we must be able to accurately estimate our fees from year to year. To that end, we request that NRC license fee estimates resulting from the anticipated FY2007 budget be estimated and communicated to us by June 2006, with some confidence, so that licensees can accurately account for any additional increases in their budget process. We also endorse NEI's concept of a longer range (i.e., 5-year) budget plan to further improve licensee budget planning.

Our second concern is that, although additional information was made available regarding the NRC's FY 2006 budget, this information is not adequate for us to fully evaluate and comment on the proposed Fee Schedule. For example, as noted in the FR notice, "The NRC's fee recoverable budget, as mandated by law, is \$83.4 million larger in FY 2006 as compared to FY 2005, an increase of over 15 percent. Much of this increase is for the additional workload demand in areas such as new plant licensing and security." No information is available that would allow us to identify the contribution of either security or new plant licensing toward the fee increase.

The STARS plants appreciate the opportunity to comment on the fee rate schedule and hope that the NRC will seriously consider remedies to reduce the financial impact this increase and subsequent years' increases have on licensees. If there are any questions regarding these comments, please contact me at 254-897-6887 or dwoodl1@txu.com.

Sincerely,



D. R. Woodlan, Chairman
Integrated Regulatory Affairs Group
STARS