

June 8, 2006

Ms. Kelley D. Richardt
Source Production & Equipment Co., Inc.
113 Teal Street
St. Rose, LA 70087

Dear Ms. Richardt:

This is in response to your April 25, 2006, letter requesting a small business fee exemption for the export of Category 2 radioactive material. Unfortunately, the Nuclear Regulatory Commission (NRC) received your comment too late to consider it in the development of the Fiscal Year (FY) 2006 final fee rule, which was published May 30, 2006 (71 FR 30722). The comment period on the FY 2006 proposed fee rule (71 FR 7350; February 10, 2006) ended March 13, 2006. As indicated in this proposed rule, the NRC must by law, collect the FY 2006 fees by September 30, 2006, and therefore we were unable to ensure the consideration of comments received after the close of the comment period. Nonetheless, we have considered your comments and have responded in this letter. For the reasons discussed below, the NRC is not establishing a fee exemption for the export of Category 2 radioactive material.

In compliance with the Regulatory Flexibility Act (RFA) of 1980, as amended, the NRC has considered the impact of its fees on small entities in developing its fee regulations under 10 CFR Parts 170 and 171. The NRC has established reduced annual fees under 10 CFR 171.16(c) for those licensees that qualify as small entities (as defined by the size standards in 10 CFR 2.810), to reduce the impact of annual fees on small entities. The NRC does not have a small business fee exemption or reduced fee for any activity covered under 10 CFR Part 170, which includes the export of Category 2 radioactive material, because the NRC has not found that Part 170 fees, by themselves, have a significant impact on a substantial number of small entities.

The NRC appreciates that some companies may be impacted by the new fees for the export of Category 2 radioactive material, and is striving to streamline the review of these export applications and thereby reduce the required fees. Interested parties can submit a single application for a broad scope, multi-year license that permits exports to multiple countries. Because the NRC's fees are charged per application, this streamlining process minimizes the fees for export applicants. Since a single NRC fee can cover numerous exports, we do not anticipate that the Part 170 export fees will result in a market shift toward the purchasing of these products from non-U.S. producers.

Finally, because the NRC must recover almost its entire budget through fees to comply with the Omnibus Budget Reconciliation Act of 1990, as amended, any new fee reductions granted to one licensee or group of licensees will result in other licensees paying these costs. For these reasons, I am not establishing a new small business fee exemption for the export of Category 2

radioactive material. However, in compliance with the RFA, the impact of the NRC's fees on small entities will be considered again in the development of FY 2007 fee rule, which we expect to publish for public comment in February 2007.

If you have any questions regarding this matter, please contact Tammy Croote at 301-415-6041.

Sincerely,

/RA/

Jesse L. Funches
Chief Financial Officer

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Jesse L. Funches
Chief Financial Officer

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