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February 27, 2007

DOCKETED
USNRC

Secretary
U. S. Nuclear Regulatory Commission
ATTN: Rulemakings and Adjudications Staff
Washington, DC 20555-0001

March 5, 2007 (3:15pm)

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

SUBJECT: RIN 3150-AI00

Dear Sirs:

We are in receipt of a Federal Register notice regarding a proposed NRC fee increase and would like to convey our thoughts on the matter. While we recognize that the NRC is obligated by law to recoup a significant percentage of its operating costs through fees paid by users of its services, the current fee recovery structure appears to be particularly burdensome to service supplier companies.

While the NRC is obligated to perform various reviews, inspections and surveillance activities in the interest of public safety, the current fee recovery structure provides little incentive to enhance the efficiency of those activities. In addition, the escalation in NRC hourly rates over the last few years far exceeds norms in industry.

Starting with the hourly rates that applied in 2004 (\$156), the average annual hourly rate increase (including the proposed FY 07 change to \$256) has been over 20% (21.36%) each year, resulting in an overall increase of 64% in just three years. According to US Bureau of Labor Statistics figures, the total inflation rate for that same period increased by slightly less than 10%.

That 64% increase is excessive by any measure. If NRC personnel have received annual salary/benefit increases that averaged less than 5% (according to figures published by the US Office of Personnel Management), that leaves over 85% of the increase to be attributed to other costs. Therefore, it appears that "overhead costs" have been factored into the hourly rates that support activities other than the reviews and inspections to which they relate. Organizations that are not the beneficiaries of or the reason for the additional costs should not be forced to fund them. It is our understanding that the Government's Cost Accounting Standards (CAS) require that costs be allocated to the cost objectives that they benefit and that link appears to be dubious in this case.

NRC Fees D3

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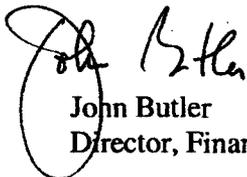
SECY-02

NRC licensing review for new technology can command on the order of 30% of the overall cost of a project. Predictable costs for NRC review are required if industry is to continue to invest in and deploy new technologies. Increases of 64% by NRC in a period of time when federal statistics demonstrate that 10% or less is appropriate does not allow for predictable cost projections, nor does it represent a predictable regulatory process.

A better explanation for the extra 85% increase (beyond the US Office of Personnel Management figures) in NRC hourly rates is required. It is unfair to those who bear the burden of paying those increases to do so without NRC management providing their constituents with a clear and reasonable explanation for those increases.

We sincerely appreciate this opportunity to provide comments on this proposed regulation.

Sincerely,


John Butler
Director, Finance

SECY - RIN 3150-AI00

From: "Klinetob, Jeannie" <jkliniketob@nacintl.com>
To: <SECY@nrc.gov>
Date: 03/02/2007 9:01 AM
Subject: RIN 3150-AI00

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Subject: RIN 3150-AI00
Creation Date Fri, Mar 2, 2007 9:00 AM
From: "Klinetob, Jeannie" <jkliniketob@nacintl.com>

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Files	Size	Date & Time
MESSAGE	4	Friday, March 2, 2007 9:00 AM
TEXT.htm	4073	
NRC Fees Letter.pdf	74439	
Mime.822	108134	

Options

Expiration Date: None
Priority: Standard
ReplyRequested: No
Return Notification: None

Concealed Subject: No
Security: Standard

Junk Mail Handling Evaluation Results

Message is eligible for Junk Mail handling
This message was not classified as Junk Mail

Junk Mail settings when this message was delivered

Junk Mail handling disabled by User
Junk Mail handling disabled by Administrator
Junk List is not enabled
Junk Mail using personal address books is not enabled
Block List is not enabled