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To: Borchardt, NRO

AUTHOR: Frank Bowman

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CFO

AFFILIATION: NEI

ADDRESSEE: Jim Nussle, Director, OMB

SUBJECT: Need for funding for the NRC in Fiscal Years 2007 and 2008

ACTION: Information

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NUCLEAR ENERGY INSTITUTE

Frank L. (Skip) Bowman

PRESIDENT AND CHIEF EXECUTIVE OFFICER

October 25, 2007

The Honorable Jim Nussle
Director
Office of Management and Budget
Executive Office of the President
725 17th Street, NW
Washington, DC 20503

Dear Director Nussle:

Last year, the Nuclear Energy Institute wrote to your predecessor stressing the critical importance of sufficient funding for the Nuclear Regulatory Commission (NRC) in Fiscal Years 2007 and 2008. This funding ensures that the NRC has the resources necessary to review combined license (COL) applications and early site permits (ESPs) for new nuclear power plants, and to conduct design certification reviews of advanced nuclear reactor designs. We are writing again this year to urge your support for any NRC requests for exemptions to a continuing resolution for FY08 funding, and to support NRC's FY09 budget request. We have more evidence this year of the need for the funding. Also, as you are aware, the cost of these NRC licensing reviews is fully paid for by the commercial licensee applicants. No taxpayer money is spent to support these reviews or, for that matter, to support 90 percent of the entire NRC budget, which is paid for by the industry licensees.

Our companies' plans for new nuclear power plants hinge on NRC's ability to conduct efficient licensing reviews on schedule and consistent with the agency's mandate to ensure public health and safety. Ensuring that the NRC has the necessary resources is a top-priority issue for the commercial nuclear energy industry.

President Bush has made construction of new nuclear power plants an essential component of his Administration's energy policy. In response, U.S. companies are moving toward construction of the next generation of nuclear plants – preparing license applications for NRC review and approval, ordering long-lead-time components like reactor pressure vessels, developing financing plans, starting site preparation, and supporting the design engineering necessary to obtain design certification from the NRC. Already across the industry more than \$2.5 billion has been committed to these new plant deployment activities.

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The Honorable Jim Nussle

October 25, 2007

Page 2

Our planning for, and investment in, new nuclear power plants is driven by our country's need for new baseload generating capacity. Each of our companies has established a detailed project schedule based on when the new nuclear power plant must be in service, and each has developed plans based on that date, allowing time for preparation of the COL, NRC review of the COL application, and the time for construction. The schedules are driven by the need for new baseload capacity by a date certain to meet our nation's electricity requirements – and our customers' need – to sustain economic growth. The NRC's review and approval of COL applications is on the critical path for new nuclear plant operation.

We had heard reports of skepticism within OMB about the nuclear industry's plans to file COL applications in calendar years 2007 and 2008, speculation that industry plans are not firm and that NRC does not require the funding requested to hire and train new staff to review COL applications and perform design certification reviews. This is not correct. Already in 2007, one licensee has filed a COL application, one more will be filing next week. We expect an additional 2-3 COL filings this year and as many as 14 filings in calendar year 2008. In addition, the NRC is already reviewing one new design certification request and we expect it will receive two more over the next 12 months.

As stated previously, we are requesting aggressive OMB support of the NRC's FY09 budget. Given the high likelihood that there will be a relatively long period under a continuing resolution (CR), we urge you to support any request the agency makes for an exemption to that FY08 CR. This support to NRC is fully consistent with the strong policy position on the importance of nuclear energy articulated by President Bush, and we emphasize again that the cost of these reviews and related staff and office space are paid for by licensees and not taxpayers. In this regard, because industry licensees pay for 90 percent of all NRC costs, we will continue to monitor both industry activities that require existing or new NRC resources, the efficiency and effectiveness of NRC's processes, and the need for new NRC resources due to retirements and loss of resources for other reasons. We will promptly provide you our assessment if we believe NRC's budget request is inappropriate.

We appreciate your support for this request and are prepared to meet with you or any members of your staff if you need more information.

Sincerely,



Frank L. Bowman

- c: The Honorable Joshua B. Bolten, Chief of Staff
The Honorable Stephen McMillin, Deputy Director, OMB
The Honorable Dale F. Klein, Chairman, NRC
The Honorable Gregory B. Jaczko, Commissioner, NRC
The Honorable Peter B. Lyons, Commissioner, NRC
Mr. Luis A. Reyes, Executive Director of Operations, NRC