



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

SEP 21 1980

Carroll Engineers, Inc.  
ATTN: Mr. Dyer E. Carroll  
President  
200 Andover Street  
Box 295  
Ballardvale, Massachusetts 01810

Dear Mr. Carroll:

Senator Edward M. Kennedy has asked the NRC to respond to your September 12, 1980 letter regarding an inspection fee assessed against License 20-13042-01.

The Commission began assessing license fees in October 1968 pursuant to Title V of the Independent Offices Appropriation Act of 1952 which says in part:

It is the sense of Congress that any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration, or similar thing of value or utility performed, furnished, provided, granted, or issued by any Federal agency to or for any person...shall be self-sustaining to the full extent possible, and...each Federal agency is authorized by regulation to prescribe therefor such fee, charge, or price, if any, as he shall determine...to be fair and equitable taking into consideration direct and indirect cost to the Government, value to the recipient, public policy or interest served, and other pertinent facts....

The NRC (formerly part of the Atomic Energy Commission) commenced assessing fees for licenses and permits in 1968. In May 1977, NRC published a Notice of Proposed Rulemaking which showed the Commission's intent of establishing a schedule of fees for health and safety and safeguards inspections. The Notice described the criteria followed in developing the proposed schedule. Manpower and associated costs and methods of fee computation were set out in a document identified as NUREG-0268. Copies of these documents were provided by my staff in an earlier letter (September 24, 1980). Also, on May 12, 1977, the Commission held a public meeting in Bethesda, Maryland to give interested parties an opportunity to discuss the proposed rule. Based on public comments, several changes were made in the final rule.

My staff explained in their letter that the approach used in developing the schedule of fees for the more than 8,000 licensed users of byproduct material, source material and special nuclear material was to group licenses in categories based primarily upon the type and use of the licensed material, e.g., radiography. An "average cost" was then computed. The inspection fee takes into account not only time spent on site inspecting facilities, equipment and records, it must also cover time the inspector spends in preparing for the visit, cost of travel and time spent in any follow-up correspondence or close-out.

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We believe that the amount charged for an inspection fee fairly represents the Commission's costs to perform a health and safety inspection of a radiographic operation. It is our intent, however, to closely follow the program and periodically examine the costs of conducting inspections. Also, we will examine other approaches for recovery of the NRC costs of licensing and inspection.

Sincerely,



Daniel J. Donoghue, Director  
Office of Administration

cc: Senator Edward M. Kennedy  
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Government Center  
Boston, Massachusetts 02203