



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

June 30, 1993

The Honorable Robert C. Byrd  
United States Senate  
Washington, D.C. 20510-6025

Dear Senator Byrd:

I am responding to your May 25, 1993, letter transmitting correspondence from your constituent, Mr. Mike Sherrell, District Manager, Allegheny Wireline Service, Inc., regarding the NRC's fee structure. Mr. Sherrell's comments on the proposed FY 1993 rule will be taken into consideration in developing the final fee rule for FY 1993 which we expect to have finalized mid-summer.

As you are aware, the Omnibus Budget Reconciliation Act of 1990 (OBRA-90) requires that the Commission recover 100 percent of its budget authority, less appropriations from the Department of Energy (DOE) administered Nuclear Waste Fund, for Fiscal Years 1991 through 1995 by assessing license and annual fees. The Commission was required to collect approximately \$445 million for FY 1991; approximately \$493 million for FY 1992; and approximately \$519 million for FY 1993. These budgeted amounts, which were appropriated, represent those resources necessary for NRC to perform its safety mission.

To recover the budget, the NRC assesses licensing and inspection fees under 10 CFR Part 170 and annual fees under 10 CFR Part 171. Fees assessed under 10 CFR Part 170 include license application fees, license amendment fees, license renewal fees, and inspection fees. Inspection hours include time to prepare for an inspection, the on-site time to conduct the inspection, documentation time to write up the inspection report, time to travel to and from the inspection and Regional time for normal and escalated enforcement. Annual fees are to recover NRC's generic and other costs that are not recovered as identifiable services to specific licensees and applicants under 10 CFR Part 170. The annual fees allocate the generic costs that are attributable to a given class of licensee to that class.

The current fees are "high" relative to the fees that were assessed prior to the requirement to recover 100% of the new budget authority. Prior to 100% fee recovery, materials licensees such as Allegheny Wireline Service, Inc. only paid for specific services (new licenses, license renewals, license amendments, and inspections). With 100% fee recovery, these licensees are now required to pay for all the NRC activities necessary to regulate them. This includes research, rulemakings, event evaluation, etc.

The increases for FY 1993 that are referred to in Mr. Sherrell's letter result primarily from the requirement of the Chief Financial Officers Act to conduct a biennial review of fees and other charges. The NRC has completed its review of license and inspection fees assessed by the agency. The biennial review indicates that the NRC needs to modify the average number of hours on which

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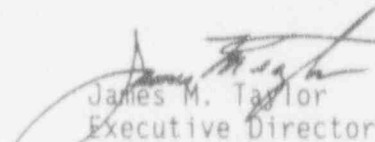
the current licensing and inspection flat fees are based in order to recover the cost of providing the licensing and inspection services. To determine the licensing and inspection flat fees for materials licensees and applicants, the NRC used historical data to determine the average number of professional hours required to perform a licensing action or inspection for each license category. These revised average hours were then multiplied by the professional hourly rate for FY 1993.

The primary reason for these relatively large increases is the inspection program and the associated average number of hours on which inspection fees are based have changed significantly. In some program areas, for example, NRC management guidance in recent years has emphasized that, based on historical enforcement actions, inspections be more thorough and in-depth so as to reduce risk to public health and safety.

The Commission published a Federal Register Notice on April 19, 1993 that solicits public comment on changes to NRC's fee policy and associated legislation. This action responds to Section 2903(c) of the Energy Policy Act of 1992, which requires the NRC to review its policy for assessment of annual charges under Section 6101(c) of the Omnibus Budget Reconciliation Act of 1990, solicit public comment on the need for changes to such policy, and recommend to the Congress such changes in existing law as the NRC finds are needed to prevent the placement of an unfair burden on certain NRC licensees. In addition to publication in the Federal Register, the Notice was sent to all licensees. The comment period expires on July 19, 1993. Licensees and interested parties are encouraged to submit comments in accordance with the Notice.

If I can be of further assistance, please let me know.

Sincerely,

  
James M. Taylor  
Executive Director  
for Operations

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Sincerely,  
**Original signed by**  
**James M. Taylor**

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Executive Director  
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DATE:	06/17/93	06/17/93	6/28/93	

See Previous Concurrences

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