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7 May 91

Secretary
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

RIN:3150-AD87

Gentlemen:

The Nuclear Regulatory Commission has recently published proposed changes to 10CFR71, 10CFR170, and 10CFR171 which increase the fees for licensing and add annual fees for materials licenses. The proposed regulations continue the present exemption of fees for non-profit educational institutions under 10CFR170.11(a)(4). However, the vote by the Commissioners on this matter was very close and there is still the possibility that the final regulations could eliminate this exemption. I would, therefore, like to strongly urge the Commission to retain the current exemption for non-profit educational institutions for fees levied under 10CFR170 and to include that exemption for any additional fees under 10CFR171 and 10CFR71.

The availability of funds for university research has become very limited and universities have been forced to cut overhead costs to the absolute minimum and engage in cost sharing to compete for these funds. There is no customer, in the usual sense, to charge for any increase in operating costs and universities would be forced to increase overhead on grants and contracts to recover any fees imposed by the NRC. Academic institutions are caught between government funding agencies reducing the allowable overhead costs on grants and contracts and government regulatory agencies imposing fees that increase the overhead for research. Additional fees, such as the proposed NRC regulations jeopardize the research programs at universities. This is especially true for research reactors. A recent study by the National Organization of Test, Research and Training Reactors indicates that about 85% of the operating costs for university research reactors comes from the host institution (including state funds) and only 12% from federal sources.

The proposed fees would be a significant portion of the operating expenses of NRC licensed programs at educational institutions and would impose a financial hardship on their programs. The same study referenced above determined that the average annual expense for teaching and training programs at research reactors is \$52,000. Without the exemption for educational institutions, the proposed regulations would impose an annual fee of \$50,000 on each university research reactor. This fee is in excess of 20% of the total operating budget of half of the

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university research reactors in the United States. It is unreasonable for regulatory costs to equal the cost of conducting teaching and training programs or to be a large fraction or greater than the operating budgets of these facilities.

In addressing licenses for research and development, the Atomic Energy Act of 1954 (as amended) states in Section 104(c) "The Commission is directed to impose only such minimum amount of regulation of the licensee as the Commission finds will permit the Commission to ... protect the health and safety of the public and will permit the conduct of widespread and diverse research and development". The proposed regulations are contrary to this directive. Also, there is a lack of accountability in a process which imposes regulations that require considerable expenditure by the licensee and also assesses the licensee for the regulator's cost of developing the regulations.

University research benefits all classes of licensees and society as a whole. Therefore, there is some justification for other classes of licenses being assessed for the costs associated with educational institutions. However, a more equitable solution would be to remove the requirement for the Commission to collect fees for regulatory activities associated with educational institutions. Therefore, we respectfully request that the Commission petition Congress to support a policy in keeping with the Atomic Energy Act to minimize regulations and the associated costs for educational institutions.

Thank you for your consideration of these comments.

Sincerely,


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cc: R. L. McCarl
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