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U.S. Nuclear Regulatory Commission
Office of the Chief Financial Officer
Division of the Comptroller
Labor Administration and Fee Billing Branch
Mail Stop T9 B50
Washington, DC 20555-0001

RE: **License Fee Policy**

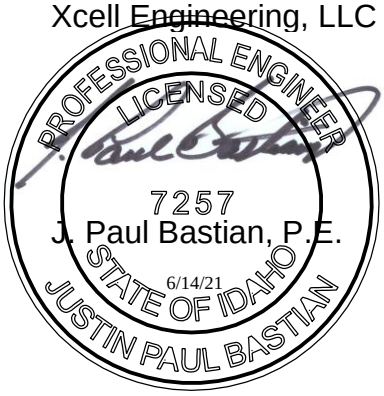
All:
I am writing this to address the inherent unfairness in your fee policy for small entities. We are a small entity and as such have three density gauges licensed by the NRC. One of our gauges is used on a consistent basis and the others are for backup in case of emergency.

1. Only about 12% to 15% of our income is based on using the density gauges that are licensed by the NRC. The annual income from gauge use doesn't really change much unless we buy more gauges, hire more field technicians **and** have the work to support them.
2. The other 88% to 85% of our income is from Engineering design and materials testing services unrelated to any license provided by the NRC.
3. If I work hard and expand income from engineering services that are unrelated to our NRC license, then under your current licensing policy, I would have to pay more for my license even though the actual income derived from that license has not changed. In other words, the NRC is taking my engineering income to which it is **not** entitled. That is inherently unfair.
4. It would take about 1 to 2 months of hard engineering work to generate enough profit to pay for the increased licensing fee BUT there would be no increased income from gauge use.
5. For that reason, I will never allow this company to make more than the specified amount. Why would I, if I just have to turn around and give the lion's share, if not all of it, to the NRC? That's not right.

It would be far better if the NRC licensed these density gauges based on the number of gauges a company possessed rather than the gross income of the company. This is because gross income is not necessarily related in any way to

any license provided by the NRC. However, possession of Density Gauges is directly related. That way a company that had 20 gauges would pay an appropriately higher licensing fee than the company that had only 1 or 2. Companies would then be able to adjust the number of gauges they possessed to match the income they produce using them and then pay the appropriate licensing fee. That would be fair and right. This would also allow a direct check of licensing fees during audits by simply counting the number of gauges in the company inventory. That would seem to be a good thing for the NRC and would eliminate the whole process of income checking and tax reporting and all the current cost and inconvenience. Even though I am right on this, I expect most of this will fall on deaf ears. I appreciate you reading it anyway…I would appreciate it far more if you would actually DO something to address this injustice. It's just not right the way it is.

Sincerely,
Xcell Engineering, LLC



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