



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

AG-08-2
PDR

June 9, 1999

Mr. John Pfeiffer
Office of Management and Budget
New Executive Office Building
725 17th Street, N.W., Room 8025
Washington, DC 20503

Dear Mr. Pfeiffer:

The Omnibus Budget Reconciliation Act of 1990, as amended, requires that the NRC recover approximately 100 percent of its budget authority, less the appropriation from the Nuclear Waste Fund, for Fiscal Years 1991 through 1999 by assessing license and annual fees. For FY 1999, the NRC must collect approximately \$449.6 million through these fees.

In order to comply with the law, the Commission is amending its fee regulations in 10 CFR Parts 170 and 171. The final amendments to 10 CFR Part 170 will continue the Commission's initiatives to more appropriately recover costs for additional activities through 10 CFR Part 170 license and inspection fees rather than through 10 CFR Part 171 annual fees. The final amendments will also revise the professional hourly rates and "flat" licensing fees to reflect the costs of providing NRC licensing services to applicants and licensees.

The final amendments to 10 CFR Part 171 will establish the amount of the FY 1999 annual fees to be assessed to operating reactors, fuel cycle licensees, transportation certificate holders, and materials licensees consistent with the Commission's 1995 commitment (60 FR 32225) to reestablish annual fees if there is a substantial change in the total NRC budget or the magnitude of the budget allocated to a specific class of licensees. This will result in the FY 1999 annual fees decreasing for operating reactors and certain other licensees based on reduced budgeted costs for those classes of licensees. However, the annual fees will increase for some classes of licensees due to increased budgeted costs for those classes and decreases in the number of licensees in those classes.

For certain classes of licensees, the annual fee increases will be significant. Therefore, the Commission presented in the proposed rule two optional annual fee methods for FY 1999 public comment: 1) establish the annual fees without a cap on fee increases; or 2) establish the annual fees with a cap so that no licensee's annual fee increases more than 50 percent from FY 1998. The comments received on the proposed rule did not provide overwhelming support for establishing annual fees with a cap. The Commission has decided to establish the 1999 fees without a cap on fee increases. While the NRC is sensitive to the effects the reestablished annual fees will have on those licensees with significant increases, establishing new annual fees without a cap on the increase results in a fair and equitable allocation of costs among licensees. Those NRC licensees that can qualify as a small entity under the NRC's size standards will continue to be eligible to pay reduced annual fees.

Mr. John Pfeiffer

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Enclosed is a copy of the final rule which is being transmitted to the Federal Register for publication. The final rule will become effective 60 days after publication.

Sincerely,

original signed by Jesse L. Funches

Jesse L. Funches
Chief Financial Officer

Enclosure: Final Revision to
10 CFR Parts 170 and 171

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