



Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402-2801

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ADJUDICATIONS STAFF

April 24, 2003

U.S. Nuclear Regulatory Commission  
ATTN: Rulemakings and Adjudications Staff  
Washington, D.C. 20555-0001

Gentlemen:

NUCLEAR REGULATORY COMMISSION (NRC) – REQUEST FOR COMMENTS  
ON PROPOSED 2003 NRC FEE INCREASES

TVA has reviewed the NRC proposed 2003 user fees for licensees that were published in the *Federal Register* (68 FR 16374). TVA noted that the fees for power reactors are proposed to increase by 15 percent or \$429,000. Most of the increase is attributed to increased security costs for the agency. TVA has the following comments on the proposed fee increase:

1. TVA notes that there is duplication and overlap of functions in Nuclear Security and Incident Response with those of other federal agencies, particularly threat and vulnerability assessments. TVA believes that other agencies, such as the FBI and CIA have primary responsibility and expertise for threat assessment and the Department of Homeland Security for vulnerability assessments. As such, TVA believes that NRC should rely on the Department of Homeland Security for threat assessment information.
2. TVA believes that the increased NRC security-related costs associated with protection of the nation's critical infrastructure should be funded through the general treasury rather than increased user fees.
3. TVA notes that a disproportionate allocation of NRC expenditures are identified for recovery through 10 CFR Part 171 (annual user fees). Approximately 76 percent of the NRC's budget is scheduled for recovery through these user fees, while only 24 percent is identified for recovery through the discrete fee provisions of 10 CFR Part 170. In effect, the majority of NRC costs are treated as overhead allocations rather than direct costs that can be clearly identified with supporting operating power reactors. TVA continues to suggest that NRC improve the budgeting and cost accounting processes to improve the visibility of management oversight and

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associated accountability of generic programs. The aggregation of a substantial portion of non-discrete expenditures does not support strong fiscal oversight and makes it virtually impossible for licensees to understand and comment on the appropriateness of these expenditures.

4. TVA supports the approach to allocate Agreement State Program activities to user fees, rather than the General Fund.

TVA appreciates the opportunity to comment on the proposed fee increase. Please contact me at (423) 751-2508 if you have any questions.

Sincerely,



Mark J. Burzynski  
Manager  
Nuclear Licensing

cc: U.S. Nuclear Regulatory Commission  
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