

June 10, 2003

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

Dear Mr. Pfeiffer:

The Omnibus Budget Reconciliation Act of 1990, as amended, requires that the U.S. Nuclear Regulatory Commission (NRC) recover approximately 94 percent of its FY 2003 budget authority, less the appropriation from the Nuclear Waste Fund, by assessing license and annual fees. The NRC is required to recover approximately \$526.3 million in FY 2003.

In order to comply with the law, the Commission is amending its fee regulations in 10 CFR Parts 170 and 171. The amendments to 10 CFR Part 170 will revise the professional hourly rates and "flat" licensing fees to reflect the costs of providing NRC licensing services to applicants and licensees.

The amendments to 10 CFR Part 171 will establish the amount of the FY 2003 annual fees to be assessed to reactor licensees, fuel cycle licensees, transportation certificate holders, and materials licensees to recover costs not recovered through 10 CFR Part 170 fees. The FY 2003 annual fees will increase for many of the categories of licensees, including operating power reactors. These increases are primarily due to increased budgeted costs to be recovered through fees for FY 2003. However, the annual fees will decrease for other licensees due primarily to decreased budgeted costs for those specific classes.

Those NRC licensees that can qualify as a small entity under NRC's size standards will continue to be eligible to pay reduced annual fees.

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,

/RA/

Jesse L. Funches
Chief Financial Officer

Enclosure: Final Revision to
10 CFR Parts 170 and 171

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In order to comply with the law, the Commission is amending its fee regulations in 10 CFR Parts 170 and 171. The amendments to 10 CFR Part 170 will revise the professional hourly rates and "flat" licensing fees to reflect the costs of providing NRC licensing services to applicants and licensees.

The amendments to 10 CFR Part 171 will establish the amount of the FY 2003 annual fees to be assessed to reactor licensees, fuel cycle licensees, transportation certificate holders, and materials licensees to recover costs not recovered through 10 CFR Part 170 fees. The FY 2003 annual fees will increase for many of the categories of licensees, including operating power reactors. These increases are primarily due to increased budgeted costs to be recovered through fees for FY 2003. However, the annual fees will decrease for other licensees due primarily to decreased budgeted costs for those specific classes.

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