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Ms. Annette L. Vietti-Cook
Secretary
U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001
Attn: Rulemaking and Adjudications Staff

SUBJECT: 10 CFR Parts 170 and 171, Revision of Fee Schedules; Fee Recovery for Fiscal Year 2015; Proposed Rule (80 *Fed. Reg.* 15476) – Docket ID NRC-2014-0200

Dear Ms. Vietti-Cook:

On March 23, 2015 a Proposed Rule was published in Federal Register Notice (*80 Fed. Reg. 15476*) docketed (*Docket ID NRC-2014-0200*) to amend the licensing, inspection, and annual fees (10 CFR Parts 170 and 171) charged to its applicants and licensees. Comments on the proposed rule were requested by April 22, 2015.

Duke Energy endorses the Nuclear Energy Institute's (NEI) April 22, 2015 letter written on behalf of the commercial nuclear energy industry on the above-referenced proposed rule. Duke Energy remains concerned about the NRC's ability to prioritize and complete regulatory reviews, and efficiently manage its internal processes in the face of a changing regulatory environment. The industry continues to hold the view that agency fees are not transparent, simple, or predictable.

Duke Energy agrees with NRC Chairman Burns' written testimony before the House Appropriations Energy and Water Development Subcommittee that "the NRC needs to function more efficiently by: right-sizing the agency while retaining appropriate skill sets needed to accomplish its mission; streamlining agency processes to use resources more wisely; improving timeliness in regulatory decision making and responding quickly to changing conditions; and promoting unity of purpose with clearer agency-wide priorities." Duke Energy commends the NRC's efforts to improve efficiency and to be more responsive to anticipated changes in the regulatory environment over the next five years. The agency's recognition of the need for change and these initial recommendations are important steps on the path to improved efficiency and effectiveness.

The following are areas of concern:

1. Agency programs and activities need to reflect the changing workload, which has a direct impact on the amount of fees imposed on the regulatory community. The overall amount to be recovered through fees appears to be unjustified. Duke Energy

recognizes the increase in decommissioning work for the Agency; however, the number of operating reactors, active design certification applications, active new reactor license applications and material licensees have declined in recent years.

2. The NRC should issue the proposed and final fee rules earlier in the fiscal year. Financial management policies and practice at NRC licensees and regulated entities are best served when the NRC provides timely and reliable fee information. From the industry's perspective, the NRC's current schedule for publishing the proposed and final annual fee rule falls short of this objective and inhibits sound financial planning by licensees in budgeting for NRC fees. Furthermore, the magnitude of the fee increase is significant and problematic as it occurs well after a licensee's budget for the year has been established. In the interest of transparency and improved financial planning for the NRC and licensees, the industry proposes that the NRC Congressional Budget Justification (CBJ) include a table providing estimated Part 170 and Part 171 fees similar to Table 1.1, "Estimated Final FY 2015 Fees." This approach would allow the NRC to publish the proposed fee rule in the first quarter of the fiscal year.

3. NRC regulations do not adequately address overcharges caused by the NRC's plan to issue the fee rule late in the fiscal year. NRC estimates the final rule hourly rate will decrease significantly from $279 in FY 2014 to $268 in FY 2015. Yet, the NRC will continue to charge licensees $279/hour for the first three quarters of the fiscal year, before it begins applying the $268/hour rate for the fourth quarter of the fiscal year. NRC regulations lack any means to address these unwarranted overcharges.

4. The portion of the budget allocated to corporate support – a key factor in the hourly rate calculation – appears to be disproportionately large with respect to the resources allocated for mission-direct and mission-indirect activities. The proposed fee rule does not provide an adequate explanation of why the level of corporate support differs by more than $100 million between the FY 2015 CBJ and the FY 2015 proposed fee rule. The NRC should provide a clear explanation of the overhead necessary to support the NRC's core programs.

Duke Energy appreciates the opportunity to comment on the proposed fee rule for FY 2015 and encourages the NRC to carefully consider these comments.

No new commitments have been made in this submittal. If you have additional questions, please call Art Zaremba at 980-373-2062.

Sincerely,

M. Christopher Nolan

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Director – Nuclear Regulatory Affairs

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