

JOHN WARNER
VIRGINIA

COMMITTEES
ARMED SERVICES
SELECT COMMITTEE ON INTELLIGENCE
ENVIRONMENT AND PUBLIC WORKS
RULES AND ADMINISTRATION

United States Senate

October 7, 1992

225 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510-4801
(202) 224-2022

CONSTITUENT SERVICE OFFICES

490 WORLD TRADE CENTER
NORFOLK, VA 23510-1824
(804) 441-2072

MAIN STREET CENTRE
500 MAIN STREET
RICHMOND, VA 23219-3538

235 FEDERAL BUILDING
180 WEST MAIN STREET
ABINGDON, VA 24210-0887
(703) 828-6158

COMMONWEALTH BANK BUILDING
213 S. JEFFERSON ST. SUITE 1003
ROANOKE, VA 24011-1714
(703) 882-4876

The Honorable Ivan Selin
Chairman
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, Maryland 20852

Dear Mr. Selin:

On August 19, 1992, I visited the Babcock & Wilcox Naval Nuclear Fuel Division (NNFD) in Lynchburg, Virginia, to discuss its survival as a defense contractor in the post cold war era. During my discussions with B&W management, I learned of one of the more significant impacts on their contracts for supplying fuel to the U.S. Navy. The high cost of NRC fees under the 100 percent budget recovery mandated by Public Law 101-508 has proven to be unnecessarily burdensome on the B&W-NNFD facility.

I realize that as an NRC license, B&W must pay its share of oversight costs. However, based on the information B&W provided, I question whether the allocation is warranted. B&W's comments on the fee structure for fiscal year 1993 raise valid issues on this subject. The NRC's response to B&W's comments, published in the Federal Register, did not seem to adequately address these concerns. The 50 percent increase in their annual fees caused by the termination of one of three licensees in their category seems inappropriate. This action by the NRC would suggest that NRC oversight costs will remain the same no matter how many licensees remain. In fact, if B&W were to be the only surviving high enriched fuel facility, it appears that NRC expects B&W to accept a 200 percent increase in the oversight fee. This seems unjustifiable and inequitable.

The NRC as well as the contractor must consider budget reductions when changes occur. None of the facilities which handle nuclear and other defense related materials such as B&W-NNFD, can afford these unnecessary increases. I feel strongly that maintaining an efficiently managed industrial base is vital. However, as U.S. defense needs shrink and the industry is forced to respond, the government must bear its fair share of the burden as well.

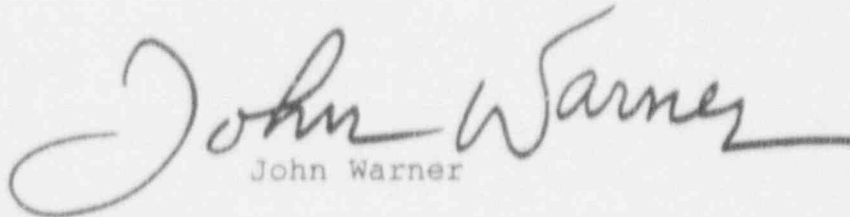
9212080017 921030
PDR PR
170 56FR18095 PDR

The Honorable Ivan Selin
October 7, 1992
Page Two

I appreciate your prompt attention to and consideration of this matter. As soon as it is convenient, please provide me with specific answers to the questions addressed in the attachment.

With kind regards, I am

Sincerely,


John Warner

JW:gfw

Attachment