

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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WASHINGTON, DC 20515-6115

Majority (202) 225-2927

Minority (202) 225-3641

June 30, 2015

The Honorable Gene Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Dodaro:

The Nuclear Regulatory Commission (NRC) is statutorily required to recover about 90 percent of its budget through fees assessed to applicants and NRC licensees. For example, in Fiscal Year (FY) 2014, the NRC recovered about \$930 million of its \$1.1 billion budget through annual fees. The total amount of fees assessed in a given year depends on the budget that Congress provides to the NRC, which in turn is influenced by the budget request submitted by NRC.

Fees are collected via two methods: "Part 170" fees, which are charged on an hourly basis for license-specific services provided by the NRC, and "Part 171" fees, which are annual fees charged to all NRC licenses holders. Due to the nature of the fee structure, if NRC overestimates Part 170 fee collection, additional funding must be collected from the Part 171 holders.

In recent years, NRC licensees and stakeholders have raised concerns about whether the level of fees that the NRC assesses to applicants and licensees is justified. In FY 2014, total annual fees increased almost 8 percent over the previous year, and the annual fee for each operating nuclear power reactor rose by 19 percent to \$5.2 million. During this time period, the number of operating nuclear power reactors decreased, which should have resulted in corresponding decreases in demands on the NRC budget and organization. Of additional concern, overhead as a percentage of the NRC's budget grew from 28 percent in 2004 to 47 percent in 2014.

In February 2015, the NRC staff reported that the agency received feedback from stakeholders stating that the NRC's process for setting fees is "opaque and difficult to

understand.”¹ The staff recommended that the NRC take actions to improve transparency and simplify how it calculates and accounts for fees, and improve the timeliness of when the NRC communicates fee changes. The NRC staff also reported that the agency’s budget process has often led it to request more resources from Congress than have actually been needed in the execution year, and recommended that NRC clearly define and justify the overhead costs in its budget.²

To assist the committee in its oversight of NRC’s fee process and issues that may affect the setting of fees, we ask that GAO address the following:

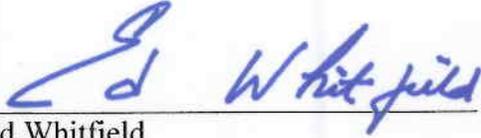
1. What is the NRC’s process for developing the commission’s budget and subsequent process of calculating and communicating annual fee assessments? Since the NRC’s budget request is proposed about a year before the annual fee assessment is determined, to what extent does the NRC consider subsequent changes in projected or actual expenditures in determining the annual fee assessment?
2. How and why have the NRC’s overhead costs changed over the past 10 years?
3. How do NRC overhead costs compare to other fee-collecting federal agencies?
4. What strategies, if any, could the NRC implement to reduce overhead costs?
5. How does the NRC ensure each year that “any person who receives a thing of service or thing of value from the Commission shall pay fees to cover the Commission’s costs in providing any such service or thing of value?” How does NRC ensure each year that “[t]o the maximum extent practicable, the annual charges have a reasonable relationship to the cost of providing regulatory services?”
6. How does the NRC determine funding to support advanced nuclear technology development, while taking steps to not impose additional costs on existing reactor licensees? Is the full cost of NRC activities supporting Department of Energy (DOE) programs being assessed to DOE?
7. How does the commission calculate annual productive hours for NRC staff to support the commission’s budget request? Does the NRC have hourly expectations for its employees and if so, how are they enforced? Does the NRC examine the number of man-hours required to review license applications and evaluate the cause of trends?

Thank you for your prompt attention to this request. Please work with Mr. Andy Zach of the committee majority staff at (202) 225-2927 on the specifics of your examination.

¹ Nuclear Regulatory Commission, “*Achieving Exemplary Nuclear Regulation in the 21st Century: Report on Project Aim 2020*,” February 18, 2015. Accessible at: <http://pbadupws.nrc.gov/docs/ML1502/ML15023A579.pdf>

² Nuclear Regulatory Commission, “*Project Aim 2020: Appendix A – Recommendations*,” January 20, 2015. Accessible at: <http://pbadupws.nrc.gov/docs/ML1502/ML15023A577.pdf>

Sincerely,



Ed Whitfield
Chairman
Subcommittee on Energy & Power



Robert E. Latta
Member



Adam Kinzinger
Member

Cc:

The Honorable Fred Upton,
Chairman, Committee on Energy & Commerce

The Honorable Frank Pallone, Jr.,
Ranking Member, Committee on Energy & Commerce

The Honorable Bobby Rush,
Ranking Member, Subcommittee on Energy & Power