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The Honorable James M. Inhofe
Chairman
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

The Honorable Cory A. Booker
United States Senate
Washington, DC 20510

The Honorable Mike Crapo
United States Senate
Washington, DC 20510

The Honorable Sheldon Whitehouse
United States Senate
Washington, DC 20510

Dear Chairman Inhofe and Senators Booker, Crapo and Whitehouse:

I am writing to express Exelon's support for the Nuclear Energy Innovation and Modernization Act (S. 2795) introduced on April 13, 2016. This bipartisan bill appropriately recognizes the importance of nuclear energy as our nation's largest source of reliable, carbon-free electricity. Exelon is the largest owner-operator of nuclear units in the country and we believe nuclear units play a unique role in contributing to our nation's standard of living, clean air, national security, and economic growth.

As you know, licensees are required to fund 90 percent of the Nuclear Regulatory Commission's (NRC) annual budget through the fees we pay to the agency. Reforming the NRC's fee recovery structure is well-justified, timely, and reflects sound public policy, as market conditions have evolved over time. Even though the NRC has undertaken efforts to reduce its budget under Project Aim, our fees do not adequately reflect the agency's decreased workload due to the early retirement of several units over the past few years. Additionally, because of the funding structure in place, we pay greater fees when reactors close prematurely (since annual fees are divided amongst the total number of operating licensees). This is a continuing problem that will be exacerbated by the premature closing of any more units. Furthermore, the estimates we receive from the NRC for the cost of licensing reviews are rarely available in advance, making it difficult, if not impossible, for us to anticipate overall costs or determine whether reviews are being conducted effectively. NRC invoices also typically lack detail, which limits our ability to question charges invoiced for undefined project management activities.

Enactment of the Nuclear Energy Innovation and Modernization Act will markedly improve the NRC's outdated fee recovery structure by making it fairer and more equitable. The Act directs the NRC to identify anticipated expenditures for licensing actions and to use those funds only for the purposes specified. That change means that amounts set aside for licensee services cannot be diverted to pay for overhead and other costs to which they were not originally allocated. By limiting corporate support to a maximum of 28 percent of the agency's budget by 2023 and thereafter, the Act mandates more efficient NRC operations. Rebalancing corporate support as a percentage of the agency's budget also should help eliminate wasteful government spending without dictating specific reductions, which are best left to the agency.

The bill's establishment of a more rational fee recovery process would ensure that the NRC is sufficiently funded to continue to implement the highest standards of safety regulation while also driving the agency to achieve greater efficiency in regulation and internal operation.

For the aforementioned reasons, Exelon strongly supports S. 2795.