

**STATEMENT OF
COMMISSIONER JONATHAN ADELSTEIN
APPROVING IN PART, CONCURRING IN PART**

*Re: Assessment and Collection of Regulatory Fees for Fiscal Year 2004;
MD Docket No. 04-73*

Last year, I provided in detail a number of concerns with the methodology used by the Commission in determining regulatory fees. I appreciate the efforts in this item to respond to some of the problems that I raised at that time and the item's candor in assessing the Commission's difficulties in implementing a more granular cost-based accounting system. I also want to thank the staff of the Office of General Counsel and the Office of the Managing Director for their continued dialogue on these complicated issues.

Implementation of Section 9 of the Act raises a number of challenges for the Commission in that it allows for both cost-based and benefits-based adjustments but puts in place criteria for certain changes to the regulatory fee schedule. Clearly, the Commission does have some discretion in making adjustments to the fees, and the Commission is free to depart from strictly cost-based fees. However, I can only concur to certain portions of the Report and Order because I remain concerned about the impracticality of the Commission considering significant changes that undoubtedly occur from time to time in the costs of regulatory fees for individual services.