

November 2, 2001

Mr. Fletcher T. Newton  
President and Chief Executive Officer  
Power Resources Inc.  
1670 Broadway, Suite 3450  
Denver, Colorado 80202

Dear Mr. Newton:

I am responding on behalf of the Nuclear Regulatory Commission (NRC) to your letters of February 15, 2001 and August 28, 2001, concerning NRC fees for your *in-situ* leach (ISL) facility. The Commission recognizes that fees have a financial impact on our licensees and makes every effort to establish fees that are fair and equitable. In that regard, the response to your letter of February 15, 2001, was delayed so that several actions, described below, could be taken.

Your general concerns about fee assessments for project managers (PMs) were discussed at the April 10, 2001 Commission meeting on uranium recovery rulemaking and guidance development. In response, the Office of Nuclear Materials Safety and Safeguards (NMSS) has modified its policy for assigning PMs effective July 29, 2001. As a result, for certain ISL facilities, PMs will only be assigned when the facility has requested a major licensing action or when a significant expenditure of staff resources on duties to support that facility are required. Although this change will likely result in reduced Part 170 PM charges for many licensees, it also will likely result in increased Part 171 annual fees.

To address your specific concerns related to fees charged by PMs, the Commission requested the staff to re-evaluate the Part 170 fees billed in FY 2000 to determine whether any adjustments were warranted. I should note that past reviews of PM fees have shown that we incorrectly billed Power Resources Inc. (PRI) for PM fees. Specifically, in FY 2000 some Part 170 fees were incorrectly coded resulting in invalid charges to licensees. Adjustments were made to invoices to correct these errors. PRI was credited nearly \$18,000 for Part 170 fees that were incorrectly billed. In the staff's most recent re-evaluation, it determined that the relevant activities undertaken by the PM for Crowe Butte Resources Inc. (CBR) during FY 2000 were appropriately charged and no additional modifications to fees are warranted.

Your letters also expressed concern about the staff's review of ground-water restoration issues at CBR. As explained in the August 23, 2001 letter from Martin Virgilio, Director of NMSS, to CBR, NMSS has reevaluated the circumstances related to the staff's review of CBR's ground-water restoration license amendment related to the secondary restoration goals. Based on NMSS' review, CBR was credited for 246 staff hours (\$35,016) of work.

You should also be aware that in our continuing efforts to identify and implement program and process improvements, I have asked the staff to reassess the allocation of nuclear materials and waste program resources and to identify any efficiencies that have the potential to reduce program costs, including the administrative cost of the fee program. The Commission will evaluate options identified by the staff to determine any appropriate measures that should be taken.

If you have an further questions, please contact me.

Sincerely,

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Richard A. Meserve