

June 25, 2001

Mr. Robert H. Ihde
President and Chief Executive Officer
Duke, Cogema and Stone & Webster
400 South Tryon Street, WC-32G
Charlotte, NC 28202

Dear Mr. Ihde:

The purpose of this letter is to advise you of the Nuclear Regulatory Commission's (NRC) fee policy related to your application to build a mixed oxide (MOX) fuel fabrication facility. The NRC will charge fees under 10 CFR Part 170 for both pre-application and application review and evaluation activities and for any associated research activities. The research cost will be recovered through 10 CFR 170 fees because any MOX research work would be exclusively in support of the Department of Energy's fissile material disposition program, which is a U.S. Government national security initiative. Thus, it is not appropriate to recover the cost from all NRC reactor licensees, through 10 CFR 171 annual fees.

Currently, the NRC is billing Duke, Cogema and Stone & Webster (DCS) quarterly for NRC's review and evaluation activities related to the DCS's application to build a fuel fabrication facility. At this time, the NRC's Office of Nuclear Regulatory Research does not anticipate conducting research activities related to your MOX fuel fabrication facility application.

Please contact Ms. Ellen Poteat, at 301-415-6392, if you have questions concerning these fees.

Sincerely,

/RA/

Jesse L. Funches
Chief Financial Officer

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*See previous concurrences

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