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18 February 2004

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Secretary
U.S. Nuclear Regulatory Commission
Attn: Rulemakings and Adjudications Staff
Washington, DC 20555-0001

Gentlemen:

Subject: Kennecott Uranium Company Comments on Revision of Fee Schedules; Fee Recovery for FY 2004 - Federal Register Vol. 69, No. 21 Monday, February 2, 2004 pages 4865 to 4886

Kennecott Uranium Company is a uranium recovery licensee and operator and manager of the only remaining conventional uranium in Wyoming, the Sweetwater Uranium Project located in the Great Divide Basin in Sweetwater County, Wyoming. Kennecott Uranium Company has reviewed the *Revision of Fee Schedules; Fee Recovery for FY 2004* and has the following comments:

- Continuation of the 2002 determination that the Department of Energy must be assessed one-half of all NRC budgeted costs attributed to generic/other activities for the uranium recovery program**
Kennecott Uranium Company strongly supports the continuation of the 2002 determination that the Department of Energy (DOE) must be assessed one-half of all NRC budgeted costs attributed to generic/other activities for the uranium recovery program as stated in the *Revision of Fee Schedules; Fee Recovery for FY 2004* as follows:

Consistent with the change in methodology adopted in the FY 2002 final fee rule (67 FR 42612; June 24, 2002), the total annual fee amount, less the amounts specifically budgeted for Title I activities, is allocated equally between Title I and Title II licensees. This would result in an annual fee being assessed to DOE to recover the costs specifically budgeted for NRC's Title I activities plus 50 percent of the remaining annual fee amount, including the surcharge and generic/other costs, for the uranium recovery class. The remaining 50 percent of the surcharge and generic/other costs are assessed to the NRC Title II program licensees that are subject to annual fees.

Kennecott Uranium Company believes that this is the most fair and equitable method of allocating costs for the Nuclear Regulatory Commission's (NRC's) uranium recovery program.

- Proposed Fees**
The rulemaking proposes the following fees for fiscal year 2004:

TABLE IX - ANNUAL FEES FOR TITLE II SPECIFIC LICENSES

Facility Type	FY 2004 Annual Fee
Class I (conventional mills)	\$14,600
Class II (solution mining)	12,900
11e.(2) disposal	12,900
11e.(2) disposal incidental to existing tailings sites	12,900

Kennecott Uranium Company supports this proposed fee structure as a fair and equitable arrangement for the uranium recovery industry in the United States. This fee structure relieves a substantial burden on the remaining existing uranium mills in the United States as they await higher uranium prices that would allow them to resume full operation.

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SECY-02

Kennecott Uranium Company appreciates the opportunity to comment on the proposed fiscal year 2004 fee structure. If you have any questions please do not hesitate to contact me.

Sincerely yours,

Oscar Paulson
Facility Supervisor

cc: Rich Atkinson
Katie Sweeney - National Mining Association (NMA)

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