



URANIUM PRODUCERS OF AMERICA

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DOCKETED
USNRC

Secretary
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, Maryland 20852

March 15, 2006 (4:06pm)

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

Re: Proposed Revision of Fee Schedules – FY 2006

Dear Sir:

The Uranium Producers of America (UPA) is an association of uranium producers whose mission is to promote the viability of the domestic uranium producing industry. UPA's membership includes the owners and operators of uranium mills and mill tailings sites, and existing and future *in situ* uranium production facilities in agreement and non-agreement States.

The UPA submits these comments in response to the Nuclear Regulatory Commission's (NRC) proposed revisions to the licensing, inspection and annual fees for Fiscal Year (FY) 2006, 71 Fed. Reg. 7349 (February 10, 2006). Due to a rebaselining this year, uranium recovery licensees will experience an incredible 120 percent increase in annual fees for FY 2006. Given that the entire FY 2006 budget only increased by 15 percent, a 120 percent increase is excessive for the five existing uranium recovery licensees, all of which are owned and operated by UPA members.

The uranium market has started a recovery from historic low prices where the number of domestic uranium producers dwindled to a few operators, and a likewise reduction in staff at NRC who focus on uranium recovery licensing. Over the past eighteen months, investment in the domestic uranium industry has increased in response to improving commodity prices, and it is a reasonable expectation that additional licensing activities will respond in a similar manner. Current FTE dedicated to uranium recovery licensees are focused on two operating in-situ leach uranium recovery facilities, and conventional mills on standby or undergoing decommissioning.

Under the proposed rule, the new annual fee for uranium recovery licensees would increase dramatically from \$30,200 in FY 2005 to \$66,400. As stated in the proposed rulemaking, the increase in annual fees is due to the reallocation of

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existing NRC FTE to uranium recovery licensing and inspection activities from other activities. UPA agrees with the assignment of FTE to the uranium recovery licensing activities, as there will likely be an increase in licensing activities as the industry continues to expand. However, NRC needs to continue to evaluate the expansion of performance based licensing and the increased use of Safety Environmental and Review Panels which will help in reducing regulatory costs.

Under the proposal, the new hourly rate applicable to the uranium recovery category of licensees would increase significantly from \$198 in FY 2005 to \$215 in FY 2006. This 9 percent increase in the hourly rate is due to a government-wide pay raise, as well as a more accurate allocation of agency overhead. The hourly rate is higher than the rates paid to many of the consultants employed in the industry, and NRC does not have the same level of accountability to the operations as their consultants. UPA urges NRC to continue to investigate ways to reduce hourly fees, including streamlining of the regulatory process and increasing the accountability of the FTE to the licensee. For example the licensee and FTE could develop budgets and schedules for major licensing actions. Based on some of the operations' experience the hourly rate charges can amount to significantly more than the annual fees; therefore, better accountability and control of the hours charged is important.

With the increased fees, combined with the uncertainty of timely review of licensing actions, the ability of a licensee to manage costs associated with new and continuing operations becomes difficult. Additionally, since there has been no recent experience in processing new uranium recovery license applications, the cost and time uncertainties could create a chilling affect on the development of new domestic uranium recovery facilities. The domestic uranium industry is set to be a vital part of the nuclear renaissance in the United States. UPA believes that regulatory certainty in licensing costs, timing and staffing, will contribute to the emergence of the domestic uranium industry.

UPA appreciates this opportunity to provide comments. If you have any questions, please contact me at (303) 628-7798.

Sincerely,



Ron Hochstein, P. Eng.
President
Uranium Producers of America

cc: Mr. Jon Indall