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PR 170 and 171
 (72FR05107)

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 USNRC

February 26, 2007

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

OFFICE OF SECRETARY
 RULEMAKINGS AND
 ADJUDICATIONS STAFF

Gentlemen:

**Subject: Kennecott Uranium Company - Comments on 10 CFR Parts 170 and 171
 Revision of Fee Schedules; Fee Recovery for FY 2007; Proposed Rule Friday, February 2, 2007**

Kennecott Uranium Company is a uranium recovery licensee that manages the only remaining conventional uranium mill in the state of Wyoming (located in Sweetwater County, Wyoming) and one of the four (4) remaining conventional uranium mills in the nation. Kennecott Uranium Company has reviewed the proposed 2007 fees and has the following comments:

Proposed License Fee Changes

Proposed 2007 Fees for Uranium Recovery/Source Material

| | |
|--|--------|
| (2) Licenses for possession and use of source material in recovery operations such as milling, in-situ leaching, heap-leaching, ore buying stations, ion exchange facilities and in-processing of ores containing source material for extraction of metals other than uranium or thorium, including licenses authorizing the possession of byproduct waste material (tailings) from source material recovery operations, as well as licenses authorizing the possession and maintenance of a facility in a standby mode. | |
| (a) Class I facilities ⁴ | 35,700 |
| (b) Class II facilities ⁴ | 35,700 |
| (c) Other facilities ⁴ | 89,300 |
| (3) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal, except those licenses subject to the fees in Category 2A.(2) or Category 2A.(4) | 5 N/A |
| (4) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal incidental to the disposal of the uranium waste tailings generated by the licensee's milling operations, except those licenses subject to the fees in Category 2A.(2) | 35,700 |
| (5) Licenses that authorize the possession of source material related to removal of contaminants (source material) from drinking water | 21,400 |
| B. Licenses that authorize only the possession, use and/or installation of source material for shielding | 750 |
| C. All other source material licenses | 13,100 |

The proposed fee structure is shown above. Kennecott Uranium Company supports this reduction in annual fees from the 2006 levels, which are as follows:

| | |
|--|--------|
| (a) Class I facilities (4)..... | 65,900 |
| (b) Class II facilities (4)..... | 65,900 |
| (c) Other facilities (4)..... | 95,900 |
| (3) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal, except those licenses subject to the fees in Category 2A(2) or Category 2A(4)..... | 5 N/A |
| (4) Licenses that authorize the receipt of byproduct material, as defined in Section 11e.(2) of the Atomic Energy Act, from other persons for possession and disposal incidental to the disposal of the uranium waste tailings generated by the licensee's milling operations, except those licenses subject to the fees in Category 2A(2) | 65,900 |

Template = SECY-067

SECY-02

Resources Devoted to Uranium Recovery

The Commission is proposing reducing the resources devoted to uranium recovery as per the following table:

TABLE IX.—ANNUAL FEE SUMMARY CALCULATIONS FOR URANIUM RECOVERY FACILITIES
[Dollars in millions]

| Summary fee calculations uranium recovery fee class | FY 2006 final | FY 2007 proposed |
|---|------------------|---------------------|
| Total budgeted resources | \$2.34 | \$1.30 |
| Less estimated part 170 receipts | - 1.29 | - 0.43 |
| Net part 171 resources | 1.05 | 0.87 |
| Plus allocated generic transportation | + N/A | + N/A |
| Plus allocated surcharge | + 0.01 | - 0.02 |
| Billing adjustments (including carryover) | + 0.00 | + 0.00 |
| Total required annual fee recovery | 1.06 | 0.86 |

The Proposed Rule states:

The decrease in the total required annual fee recovery is mainly due to a reduction in uranium recovery licensing and inspection resources allocated to this fee class for fee recovery. One main reason for this reduction is the reallocation of uranium recovery licensing and inspection resources to a rulemaking on groundwater protection at ISL uranium extraction facilities.

In addition, Kennecott Uranium Company is aware that it has been stated that the Commission’s uranium recovery group may only have resources to process 1½ new license applications each year. In addition, Commission staff has stated that any new in-situ uranium mine application will require a full Environmental Impact Statement (EIS) when in the past, in-situ uranium recovery operations in Wyoming have been licensed with only an Environmental Assessment (EA). The completion of a full Environmental Impact Statement (EIS) for each new in-situ uranium recovery operation will consume even more scarce licensing resources in the Commission’s uranium recovery group. This is disturbing in light of the resurgence of the uranium recovery industry in the United States driven in part by renewed interest in nuclear power. This lack of resources will hinder existing licensees such as Kennecott Uranium Company from promptly obtaining needed license amendments required to either resume or expand their operations. Kennecott Uranium Company believes that work on the rulemaking related to dual jurisdiction of in-situ leach wellfields should not interfere with required licensing work.

The Commission should devote additional resources to its uranium recovery licensing group to adequately address the numerous license applications and amendment requests that it is receiving and will receive. These additional resources should not result in increased annual fees to existing uranium recovery licensees since the additional cost of these resources should be covered by hourly charges collected by the Commission for work performed by staff on new license applications and on amendments to existing applications. The Commission currently charges \$214 per hour for staff time and is proposing charging \$256 per hour in Fiscal Year 2007. This hourly rate should be more than sufficient to generate adequate revenues to cover the cost of providing sufficient resources to the uranium recovery group to address the increased licensing workload.

Kennecott Uranium Company appreciates the opportunity to comment on this proposed fee rule. If you have any questions please do not hesitate to contact me.

Sincerely yours,

Oscar A Paulson
Oscar Paulson
Facility Supervisor

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Subject: Comments-Proposed Revisions to 10 CFR Parts 170 & 171

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