



Department of Energy
Office of Legacy Management

JUL 30 2010

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Deputy Director
Mail Stop T8F5
Washington, DC 20555-0001

Subject: Estimated Costs for Long-Term Care of the Bear Creek, Gas Hills East, and Gas Hills North, WY, UMTRCA Title II Sites

Reference: "Determination of Long-Term Care Fee for Uranium Mill Tailings Radiation Control Act Title II Sites," letter from Keith McConnell, NRC, to Raymond Plieness, DOE, June 17, 2010

To Whom It May Concern:

The U.S. Department of Energy (DOE) appreciates the consideration that you and your staff have given to the determination of the long-term care fee for sites transferred to DOE for long-term custody and care under Title II of the Uranium Mill Tailings Radiation Control Act (UMTRCA).

DOE previously provided the cost baselines for post closure care of the Bear Creek and Gas Hills North sites in December 2009. In response to the letter referenced above and as mentioned in the June 25, 2010, DOE response to the referenced letter, DOE wishes to resubmit those costs with a focus on the activities required by the General License at Title 10, Code of Federal Regulations, Part 40.28. These estimates also include costs for other activities that DOE must perform as a landowner and federal agency in accordance with federal, state, and local laws and regulations, such as continuing the licensee's programs to control noxious and invasive weeds. The total long-term care fee is calculated based on the U.S. Nuclear Regulatory Commission (NRC) guidance and itemized DOE costs.

The enclosures present the justification for individual items in the cost estimates. As in the previous DOE submittal, the cost basis is the DOE life-cycle baseline, which is a validated and audited estimate of DOE costs for individual programs for the next 75 years. The life-cycle baseline has been adjusted over approximately the last 15 years during which DOE has been conducting long-term surveillance of completed UMTRCA sites, and represents historical costs projected to the prescribed planning horizon. In this point the life-cycle baselines differ from the cost scenarios presented in Appendix R of the September 1980 Final Generic Environmental Impact Statement on Uranium Milling, Project M-25, NUREG-0706, in which the cost estimates were developed without actual site surveillance and maintenance experience. DOE submits that

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it may be appropriate to review the cost basis in Appendix R in light of actual long-term surveillance experience. An additional departure pertains to the scope of the groundwater monitoring program, which DOE reduces to the extent that results indicate but generally is a continuation of the program established in the licensee's application for alternate concentration limits.

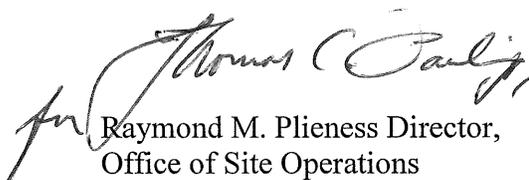
The total life cycle baseline for UMTRCA sites includes some cost items that are not reflected in the enclosed estimates. These are costs for extraordinary occurrences such as erosion repair and groundwater work that cannot be anticipated but which DOE has learned will occur within the UMTRCA project. Examples include flood damage to the storm water diversion system at the Shiprock, New Mexico, site in 2001, stream bank damage at the Canonsburg, Pennsylvania, site from hurricanes in 2004, and erosion repairs to the main diversion ditch at the Maybell, Colorado, site, in 2002. Ongoing extraordinary activities include groundwater remedy verification at the Bluewater, New Mexico, site and significant monitoring network and potential ACL modifications at the Shirley Basin South, Wyoming, site. DOE recognizes that it is difficult to quantify the cost of occurrences such as these but maintains a contingency reserve to cover such occurrences. DOE has found that the cost to respond to an extraordinary event can be orders of magnitude greater than the cost for routine long-term surveillance activities. In indicating that a Long-Term Surveillance Plan should address emergency responses and corrective action, NRC guidance in NUREG-1620 recognizes the potential for these extraordinary and costly events. Therefore, DOE submits that a contingency should be applied to long-term care estimates based on a reasonable estimate of likelihood and estimated cost of extraordinary events. Please note that the 4 percent contingency added to contractor costs addresses project management risk and not risk of extraordinary occurrences.

The enclosed costs also include the cost to the government for direct DOE oversight of long-term surveillance activities. This item of the cost estimate does not factor in indirect programmatic and administrative cost that DOE would assess if it had to operate as a full cost recovery agency. The estimates do include contractor overheads, which are a direct cost to DOE.

DOE presents the enclosed estimates as the best estimate of cost to the U.S. government to manage and maintain these sites. DOE recognizes NRC's authority and responsibility to determine the final long-term care fee assessed to licensees of transitioning Title II sites.

Please contact me at (970) 248-6091 or Tom Pauling at (970) 248-6048 if you have any questions about the enclosed cost estimates.

Sincerely,


Raymond M. Plienness Director,
Office of Site Operations

Enclosures

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cc w/enclosures

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