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 (77FR15530)**

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OFFICE OF SECRETARY
 RULEMAKINGS AND
 ADJUDICATIONS STAFF

12 April 2012

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

Subject: Kennecott Uranium Company Comments on the Proposed Rule - Revision of Fee Schedules; Fee Recovery for FY 2012- (Federal Register Volume 77, Number 51 - Thursday, March 15, 2012 - Proposed Rules)

Gentlemen:

Kennecott Uranium Company is a uranium recovery licensee that owns the Sweetwater Uranium Project (NRC License SUA-1350) located in Sweetwater County, Wyoming which is the sole remaining conventional uranium mill in Wyoming. Kennecott Uranium Company has reviewed the *Proposed Rule Revision of Fee Schedules; Fee Recovery for FY 2012* and has the following comments:

Changes in Uranium Recovery Fees (Proposed 2012 versus Final 2011 Fees)

The table below shows the proposed changes in the fee structure:

License Type	Fiscal Year 2011 Annual Fee	Proposed Fiscal Year 2012 Annual Fee	Percentage Change
Conventional and heap leach mills	\$32,300	\$23,600	26.9%
Basic <i>in situ</i> recovery facilities	\$30,700	\$29,900	2.6%
Expanded <i>in situ</i> recovery facilities	\$34,800	\$33,800	2.9%
<i>In situ</i> recovery resin facilities	\$29,100	\$28,300	2.8%
11e.(2) disposal incidental to existing tailings sites	\$10,500	\$10,200	2.9%
Uranium water treatment	\$7,300	\$7,100	2.7%

Comments on the Proposed Fee Reductions

- Kennecott Uranium Company supports these fee reductions as they are beneficial to the uranium recovery industry.

The Commission also proposed an increase in the hourly rate from \$273.00 per hour to \$274.00 per hour. While this is a small 0.4% increase, the over all rate far exceeds private consultant hourly rates and the NRC should make every effort to reduce this rate in future rulemakings.

Comments on the Hourly Rate

Uranium recovery licensees have been impacted during the license application and submittal review process by this high hourly rate in the form of very large invoices for staff time. Kennecott Uranium Company paid slightly over \$75,000 in hourly charges in 2010 and slightly over \$65,000 in hourly charges in 2011. Some of these charges were related to a review of a completion report related to a soil remediation project while others were related to an application for the postponement of the requirements of timeliness in decommissioning. Other charges were for recurring items such as reviews of surety language and routine (consumer price index based) surety increases. Licensees and applicants in NRC

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states such as Wyoming hoped to see more streamlining and efficiency in the regulatory process in the form of less time spent on submittals and consequently lower invoices over time. This has not occurred.

For example, performance based licensing was instituted for uranium recovery licensees over a decade ago. This was intended in part as a streamlining measure. Licensees have yet to realize large benefits in the form of reduced review costs from it. Licensees are able, under a performance based license, to approve certain actions via their Safety and Environmental Review Panel (SERP), subject to review during routine inspections. Kennecott Uranium Company possesses such a performance based license. Increased latitude as to the items that the SERP could address would be a direct benefit to Kennecott Uranium Company and result in cost savings.

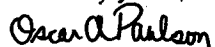
This lack of latitude is especially troubling in light of the low inherent risk of uranium recovery operations such as the Sweetwater Uranium Project. It appears that excessive amounts of time are utilized for reviews that results in both delays and very high costs, especially given the very high hourly rate. Increased latitude regarding performance based licensing could alleviate some of these delays and high costs.

Kennecott Uranium Company believes that the following steps should be considered in order to reduce hourly charges:

- **Provision of Cost Estimates for Submittal Reviews**
Licensing submittals are given a completeness review by NRC staff prior to the initiation of detailed technical review work in order to determine if the submittal contains the requisite information for acceptance. Private industry expects consultants to prepare budgetary estimates before work is begun. With NRC reviews, industry is expected to write a blank check. In a global industry such as the uranium recovery industry, it is very difficult to explain to company executives and shareholders the uncertainty involved with licensing actions. In the case of Kennecott Uranium Company, an estimate of the cost to review the Catchment Basin Completion Report submitted on May 6, 2008 would have been very useful in the budgeting process. Commission staff should be able upon completion of the Completeness Review to provide the licensee or applicant with an estimate of the approximate number of man hours required to review the submittal.
- **Creation of a Schedule of Costs for Common Tasks**
The Commission should provide licensees with a schedule of approximate costs (or a cost range) for performing common tasks such as a reviewing and approving a surety, reviewing and approving a standby trust agreement or other tasks. With this information licensees would be able to more effectively budget for reviews by Commission staff. This would be very useful for Kennecott Uranium Company for such items as the review of annual consumer price index changes to sureties, reviews of standby trust agreements, reviews of surety language and reviews of standard annual reports.
- **Preparation of More Detailed Invoices**
Kennecott Uranium Company believes that Commission staff should provide invoices containing a similar level of detail that is provided in invoices from industry consultants. In this manner, licensees would at least be able to better understand how staff time is allocated.

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

Sincerely yours,



Oscar Paulson
Facility Supervisor

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

Rulemaking Comments

From: Schutterle, Shelley (RTE) [Shelley.Schutterle@riotinto.com]
Sent: Thursday, April 12, 2012 5:12 PM
To: Rulemaking Comments
Cc: Atkinson, Rich (Cedar Mountain Ventures); Rich Atkinson
Subject: Comments on Proposed Rule - Revision of Fee Schedules; Fee Recovery for FY 2012
Attachments: KUC-NRC Fee Comments.pdf

Attached is Kennecott Uranium Company's comments on the "Proposed Rule – Revision of Fee Schedules; Fee Recovery for FY 2012 (Federal Register Vol. 77, No. 51 – Thursday, March 15, 2012).

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