



Uranerz Energy Corporation
(an Energy Fuels Company)
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May 6, 2016

Cindy Bladey,
Office of Administration
Mail Stop: OWFN-12-H08
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

3/22/2016
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RULES AND DIRECTIVES

Re: Comments on Fees Development and Communications; Docket ID NRC-2016-0056

Dear Ms. Bladey,

Uranerz Energy Corporation (an Energy Fuels Company) (Uranerz) appreciates the opportunity to comment on the Fees Development and Communications. Uranerz is a NRC licensed Uranium Recovery Facility in North Central Wyoming. License SUA-1597 was issued in July 2011 and operations commenced in April 2014 after passing the NRC pre-operational inspection.

Uranerz believes this issue has been addressed to no avail as the National Mining Association (NMA) submitted a letter, dated August 3, 2012, to the NRC discussing the format and content of the NRC's invoices to the Uranium Recovery Licensees. The letter went into detail on how to effectively present invoices for payment. The much needed detail allows licensees accountability to their boards and shareholders for the monies being approved for expenditure through the annual budgets.

Below are Uranerz comments to the request for stakeholder information concerning Fees Development and Communications as issued in the Federal Register, Vol. 81, No. 55.

How Fees Relate to the NRC Annual Budget

According to the Regulatory Flexibility Act (RFA) the NRC is to consider the impact of their rulemakings on small entities. By definition, Uranerz is considered a small entity. Any increase in annual fees being proposed may not seem tremendous to the government; however, in light of today's uranium market it adds undue additional costs to a small business entity. Remembering that uranium recovery is the lowest risk facilities in the nuclear fuel cycle

Uranerz fully understands how fees relate to the NRC's annual budget, as it is required by law to recover approximately 90% of the budgeted funds from its licensees. By the same token, some of these licensees are required by their shareholders to operate within their annual approved budgets. This is becoming increasingly difficult for stakeholders, such as Uranerz, to develop meaningful fiscal year budgets to present to its board for approval. Flat fees such as the Annual License Fee can be budgeted for, but hourly rates regarding reviews and project management are totally unknown and at the full discretion of the NRC. Reviews are increasingly involving more and more NRC staff and contractors who are analyzing submitted documents often without consideration of previously approved documents and Commission guidance, and as a result requesting additional information which in turn equates to additional hours and monies wasted,

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retreading old ground. According to verbal discussions with NRC staff, we are told that it is Commission policy to not supply an estimate of the time required to perform reviews, or communicate progress of completion to licensees. Instead of a concise and detailed report that is considered normal business practice, licensees only receive a vague invoice showing project, hours charged and rate.

In conclusion, licensees have no way to predict how the NRC's fees impact its business' annual budgets requirements. Other Federal agencies, under the same statutory requirements as NRC for cost recovery, are able to provide operators, permittees, and licensees an estimate of a project budget for an action where cost recovery is statutorily mandated, and can provide communications on progress and expected change orders. NRC should be able to do the same to support its licensees. As things stand today, NRC staff is unaccountable for project cost and progress management, and the licensees are forced to pay for work that may or may not provide value.

The Clarity and Content of NRC Invoice Forms.

Under normal business practice, a company processes invoices daily for services rendered, parts, equipment and product from vendors and contractors. Companies go through a rigorous process to account for expenditures during the course of doing business, including: receiving goods and services; verification of receipt; cost comparisons to bid/quote; proper coding of invoices for payout; and monthly tracking of said expenditures reconciled to the approved budget. These steps of accountability for budget reconciliation are common to across a broad spectrum of industries and business. Given the statutorily mandated cost recovery, it would not be an unreasonable expectation that NRC management would desire to assure that it is meeting objectives and managing its budget expectations.

Uranerz would allow that the NRC invoices have improved since the NMA 2012 letter was issued; however, the invoices still do not provide enough detail to allow for accurate tracking of project costs or future expenditures. From the perspective of Uranerz, the information we would like communicated on the invoice:

- Identification of each staff member or contractor charging time incurred on submitted documents.
- Detailed description of the time spent reviewing specific licensing actions into subsets (e.g. Document Name, Licensing Action, document section, page(s) reviewed and regulatory basis).
- Performance against budget or plan expectations for specific actions or reviews.
- Justification for any significant changes to the budgeted or planned work on a specific action or submittal review.

It is not unreasonable for a licensee to expect the level of detail described above on NRC invoices, and it would allow a company to more effectively manage its budget and expenditure forecast. The invoice details described above provides licensee the ability to evaluate the invoice and if necessary, dispute specific charges that may seem out of alignment with expectations.



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Activities More Suitable to Flat Fees

Licensees could benefit from flat fees on certain project management because costs are mostly activity based, rather than time based. Such items that could be considered for flat fees under fee recovery under Part 170 include, but are not limited to, acceptance reviews of licensing actions, routine inspections, routine project management, and surety reviews. These activities are part of the normal regulatory oversight, and the usual hourly charges fall within a fairly close range from year to year. To the licensee, the flat fee approach allows ability to determine annual schedule of agency activities and budget accordingly.

The NRC has tools available to minimize review time such as the General Environmental Impact Statement (GEIS), Supplemental Environmental Impact Statement (SEIS) and Risk-Informed Performance Based approach, as explained in NUREG/CR-6733. These tools are available to NRC staff in advance of submittals and can be used to minimize review time while keeping risk in perspective. The flat fee approach allows the NRC the ability to exercise efficient project control by keeping focused on assigned tasks to meet schedules. The use of flat fees can promote efficient use of NRC staff and resources by minimizes the amount of time staff and contractors spend on reviewing submittals.

In general, the uranium recovery industry thrives on the ability to accurately forecast future activities and associated costs and becomes even more important to a company's survival in depressed markets. Currently, there is no way, for a licensee such as Uranerz, to budget effectively to predict cash flows or work progress because from our perspective, there is no project plan or budget for the NRC portion of the work. The flat fee approach for a specific range of licensing actions would definitely allow predictability for the licensee.

Sincerely,

A handwritten signature in black ink, appearing to read 'William P. Goranson'.

William P. Goranson, P.E.
Executive Vice President ISR Operations
Uranerz Energy Corporation (an Energy Fuels Company)

WG/

cc: