

Congress of the United States

House of Representatives

WASHINGTON, D.C. 20515

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BRANCH

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January 12, 1983

DOCKET NUMBER  
PROPOSED RULE PR-170  
(47 FR 52454)

Dear Mr. Secretary:

I am writing to express concern about the NRC's proposal, as detailed in the November 22, 1982, Federal Register, to increase fees paid by industry for NRC regulatory services.

With this letter, I enclose correspondence from Mr. Glenn J. Catchpole of Ogle Petroleum, whose criticisms of your proposal strike me as wholly legitimate and worthy of serious consideration by officials of your agency. I request that Mr. Catchpole's letter be made a part of the official record of comments on the NRC's November 22 proposal.

I can understand NRC's desire to recover its costs, inasmuch as we are all concerned about the current federal budgetary dilemma. At the same time, the NRC's proposal seems to fly in the face of another major federal objective -- economic recovery. These regulations would significantly increase costs for an industry that currently is on its knees. As you well know, there have been massive lay-offs and operation shut-downs in the uranium and related industries.

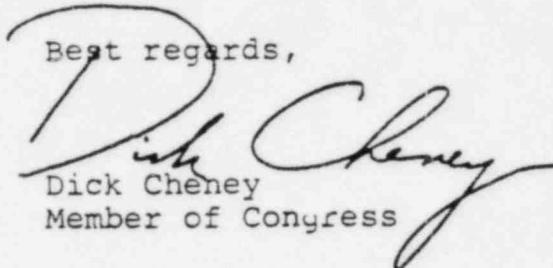
Also, aside from the inappropriate timing of this action, which comes when the industry is least able to cope, there is the concern ably articulated by Mr. Catchpole about the government charging industry for activities over which it has no control. Industry would literally be forced to directly finance government inefficiency and regulatory excess.

It strikes me that the NRC would be more likely to achieve a high degree of efficiency and cost-effectiveness if required to carry out its functions within the confines of a specific fee structure.

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add. J. Miller  
AR 2015  
Allen Cabell  
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I urge the Commission to rethink and rewrite its proposal to include a mechanism for imposing limits and controls on charges that can be imposed for services rendered.

Best regards,



Dick Cheney  
Member of Congress

Secretary  
Nuclear Regulatory Commission  
Washington, D.C. 20555

Attention: Docketing and Service  
Branch

enclosures

OGLE PETROLEUM INC.

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150 NORTH NICHOLS AVENUE  
CASPER, WYOMING 82601

December 9, 1982

Congressman Dick Cheney  
United States House of Representatives  
Washington, D.C. 20510

RE: Proposed Changes in  
NRC License Fees

Dear Congressman Cheney:

Enclosed please find a copy of a letter to Senator Simpson that deals with a U.S. Nuclear Regulatory Commission matter. We thought the subject of the letter might be of interest to you since the State of Wyoming is a relatively large producer of uranium. I would be most happy to answer any questions you might have concerning the contents of the letter to Senator Simpson.

Sincerely,  
OGLE PETROLEUM INC.

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Glenn J. Catchpole  
Executive Vice President

GJC:me  
Enclosure

December 8, 1982

150 NORTH NICHOLS AVENUE  
CASPER, WYOMING 82601

Senator Alan K. Simpson  
United States Senate  
Washington, D.C. 20510

RE: Proposed Changes in  
NRC License Fees

Dear Senator Simpson:

Recently I have become aware of a proposed rule making by the Nuclear Regulatory Commission that is of great concern to the small uranium mining company that I work for, and is probably of great concern to other uranium mining companies in Wyoming. The proposed rule making involves the revision of NRC licensing fees and was printed in the November 22, 1982 Federal Register. The proposed rule making indicates that the NRC fees for licensing, amending, renewing, and inspecting of uranium mining facilities in Wyoming will be the actual cost of performing the services. To quote from the Federal Register - "Fees for these licenses and approvals will be based on the actual costs to conduct the review".

On the surface, the establishment of fees based on actual costs appears to be a reasonable procedure. The major problems, however, are that an applicant has no control of how the NRC is going to spend his companies funds and there is no limit to how big a bill the NRC can run up. The NRC is free to expend as many hours as they want on an application and is free to use as many outside consultants as they so desire, all at the expense of the applicant. As I understand it, a company can not even conduct an audit of its NRC account to see in detail how and where its money was spent. My feeble engineering mind keeps trying to tell me that there must be something illegal about an outside party spending company funds without the company having any control or specific beforehand knowledge of the amounts.

It is my humble opinion based on some 6 years of direct contact with the NRC (both as a mining company employee and a State DEQ employee) that the commission is capable of reviewing mining applications within the present fixed fee schedule if they will do the following:

- 1) Eliminate the requirement for the full NEPA (EIS) process for each mining license application through the utilization of generic environmental impact statements.
- 2) Improve internal efficiency of the NRC staff and management in their reviewing and approving of license and amendment applications.

- 3) Eliminate or greatly reduce the NRC's use of outside consultants.

To illustrate what I am talking about in Item 2 and 3 above, I would like to share with you some of the experiences that Ogle Petroleum Inc. (OPI) has had with the NRC. In August 1979, OPI submitted an application to the NRC for a source material license for a commercial In-Situ Uranium Mine. At the time of submittal we were told by the NRC staff that it should take about a year to process the application and the fee would be \$66,500.00. The \$66,500.00 seemed awfully high, particularly when 18 months earlier the NRC fee for the same action was only \$10,050.00. The State Department of Environmental Quality (DEQ) fee for permitting the mine was \$2,025.00 and they processed the application in 9 months.

Two years after submitting our NRC application, we finally received NRC authorization to start mining. We also received a letter from the NRC stating that the actual cost of reviewing our application was \$253,111.00. A staggering amount when you consider our application was for an orebody only 40 acres in size, and did not include a mill, a dryer, or any tailings dams. I can't say for sure why it took so long and cost so much to process our NRC application, but perhaps some of the actions listed below contributed:

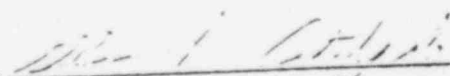
- 1) During the 2 year review period we had 4 different NRC project managers with each one having to start from scratch concerning his knowledge of our project. I believe only one of the 4 project managers had ever even visited a uranium mine before being assigned as project manager. You can imagine the educational process we had to go through with each new project manager.
- 2) The NRC had two geohydrologic consultants review the groundwater section of our application and these two individuals thought our coverage of the groundwater situation was fine (and so did the State DEQ) as reflected in the draft environmental statement. The NRC was apparently not satisfied as they then assigned their staff hydrologist to review the application. The staff hydrologist concluded more testing and more data were needed. At considerable expense, we performed the additional testing and provided the data. Why did they hire and pay two outside consultants to review the application if they were not going to use their input?
- 3) The day before the NRC was to take the final environmental statement to the government printing office, the entire document was mistakenly placed in the trash and lost. It took several weeks for the NRC to reconstruct the document and get it over to the printers.

The problem of high review costs, and long periods of time to process applications and amendment requests does not seem to have improved since we received our source material license. For example, in June 1982 OPI submitted an amendment request to the NRC to obtain authorization to start mining in our second 10 acre wellfield area (Unit No. 2). The fee for the amendment request was \$4,200.00. A similar request to obtain authorization to start mining in the second unit was mailed to the State DEQ about the same time (no fee required). In September the State DEQ approved the request subject to a couple of minor conditions. After 6 months, we still have not received a written decision out of the NRC. Starting up our second mining unit was vital to the project economics as we needed to increase our production and thereby benefit from economy of scale. When we did not receive NRC authorization to start-up Unit No. 2 in September, we had no other choice but to shut down our mine and lay off 60% of our employees.

It is my feeling that through good management and minimum use of outside consultants, the NRC can review license applications, amendment applications, etc... at a cost equal to or less than the present fees which are fixed. If the NRC is allowed to charge actual costs with no limits and no control, the inefficiency of the organization will only worsen. The NRC will become a bureaucrats utopia with no limits as to the funds (company funds) it can spend. There is a need for limits and for controls if for no other reason than a company needs to know the cost of getting licenses as part of making rational business decisions. The NRC and their consultants will literally be able to study an application forever if these proposed fee changes become regulations.

Thank you Senator Simpson for taking the time to listen to a frustrated engineer. I hope these candid comments will be of some use to you and your staff. Please let me know if I can be of any assistance in regards to this matter of the proposed changes in the NRC fees.

Sincerely,  
OGLE PETROLEUM INC.

  
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Glenn J. Catchpole  
Executive Vice President

GJC:me

cc: Senator Malcolm Wallop  
Congressman Dick Cheney