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POWER RESOURCES

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PROPOSED RULE **PR 170 + 171**
(65FR16250)

Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Attn: Rulemakings and Adjudications Staff

RE: Comments on Revision of Fee Schedules for FY-2000
(Federal Register Volume 65, page 16249, dated March 27, 2000)

Dear Sir/Madam:

Power Resources, Inc. (PRI) is a uranium mining company with in situ leach (ISL) operations located at the Highland Uranium Project in east-central Wyoming. PRI holds a NRC Source Material License for the Highland project and is in the process of developing two additional ISL operations in Wyoming. As such, the recently proposed increases in NRC licensing, inspection and annual fees is of significant concern to us, especially given the current depressed state of the uranium market.

PRI has expended close to \$1,000,000 on NRC fees since 1992 for the Highland Uranium Project alone. Uranium is a product for which prices are determined by the market, and as such PRI cannot, like some industries, simply "pass through" such fee increases with the selling price of the commodity. Such fee increases directly impact the profitability and viability of our operations. In response to the depressed market conditions PRI has reduced production and significantly cut back the workforce in Wyoming by more than 25 percent in the past year, and delayed licensing activities for the proposed Ruby Ranch ISL operation. Although proposed increases in NRC licensee fees and hourly rates are relatively minor compared to increases incurred from last year's "rebaselining" for uranium recovery licensees, the overall financial burden of the annual fee, review and inspection costs has now become almost unbearable. The newest increase in fees to cover "Project Manager Costs" will impose a substantial financial burden on PRI's operations and could push us over the edge in terms of our ability to remain viable.



A member of the Cameco group of companies

Secretary, U.S. Nuclear Regulatory Commission
April 26, 2000
Page Two

As you know, Project Manager costs were previously covered by the licensee's annual fee. The NRC now seeks to have the licensee pay these costs separately, even though the annual fee for all licensees were significantly increased last year. PRI's annual license fee, for example, was increased from \$32,000 to \$109,000. This year's first quarter "bill" to Highland for its Project Manager costs was more than \$10,000!

PRI commented last year on the proposal to charge licensees for "Project Manager Costs". More specifically, PRI was concerned that the annual fee increase from \$32,200 to \$109,000 was excessive and that changing "Project Manager Costs" could more than double the hourly rate costs incurred by licensees. As evidenced by other licensees' bills, and as expected with our next bill for the Second Quarter 2000 billing (January 2, 2000 – March 25, 2000), it appears that such "Project Manager Costs" far exceed our most conservative estimate of such costs.

It is our understanding that the exorbitant "Project Manager Costs" result, in great part, from the fact that several Project Managers only "manage" one licensee. Therefore, the licensee must pick up all the overhead costs associated with this individual. Needless to say, and as we have previously explained, licensees have no control over these costs, yet we are being asked to pay the bill. Given these conditions, we strongly recommend that the NRC accept the recommendations in the NMA "White Paper" to relinquish jurisdiction of ISL wellfield mining activities to the State, thereby allowing the NRC to reduce staff, Annual Fees, and "Project Manager Costs" to levels commensurate with the activity being regulated.

As the number of licensees paying fees to the NRC continues to decrease, and as more states become Agreement States, it is unconscionable to expect the few remaining NRC licensees to subsidize the entire operation of the NRC Uranium Recovery Branch. The fact that the State of Ohio recently became an Agreement State is a case in point. Undoubtedly, given the state of the industry, the number of individual licensees is poised to decrease even further. As we have pointed out numerous times in the past, it is illogical and impractical to expect the "last" licensee to financially support the entire NRC uranium recovery staff.

In summary, PRI believes that the entire fee recovery system for the licensing of uranium recovery facilities is excessive and now imposes an unfair financial burden on an already economically depressed industry. The exorbitant costs caused by the NRC's fee recovery system threaten the very existence of a strategically important American industry that is already under tremendous economic pressure. PRI urges the NRC to relinquish jurisdiction of ISL wellfields and evaluate additional measures to reduce NRC staff resources and fees charged to uranium recovery licensees.

Secretary, U.S. Nuclear Regulatory Commission
April 26, 2000
Page Three

Should you wish to discuss this issue further, I would be more than happy to meet with you at your convenience.

Very truly yours,



Fletcher T. Newton
President & CEO

cc: Senator Michael Enzi
Senator Craig Thomas
Representative Barbara Cubin
Representative James Inhofe
Ms. Katie Sweeney - NMA
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