

June 14, 2001

Westinghouse Electric Company LLC
ATTN: Mr. Robert W. Sharkey
3300 State Road P
Festus, MO 63028

Dear Mr. Sharkey:

I am responding to your March 13, 2001, letter requesting that license SNM-33 be downgraded from license fee category 1.A.(1)(b) to license fee category 1.A.(2)(a) of 10 CFR 171.16.

In support of your request, your letter states that your company has permanently ceased the conversion of UF_6 to UO_2 powder, no longer handles liquid UF_6 , will remove all UF_6 from the site prior to March 31, 2001, and, consistent with the shutdown of conversion, powder handling has been greatly diminished and one-third of the pelletizing operation has been permanently ceased. Your letter stated that, based on the cessation of these operations, the fuel facility fee matrix should be revised to reduce the safety and safeguards effort factors to zero for solid UF_6 /metal and liquid UF_6 , to reduce the safety factor for conversion/powder to 2, and the remaining process categories would be unchanged. Based on these changes, the total safety and safeguards effort factor would be 17, compared to the current total of 28. As a result of these changes, you believe that the annual fee for License SNM-33 should be adjusted to less than 17/28 of the current annual fee. You requested that the annual fee be prorated for the second half of FY 2001 based on 10 CFR 171.17(b)(2) to reflect one-half the annual fee for the higher fee category, and one-half the annual fee for the lower fee category you requested.

By letter dated March 28, 2001, you confirmed that your company had permanently ceased conversion of UF_6 to UO_2 powder, no longer handles UF_6 , and had removed the remaining UF_6 from the site. In a second letter dated March 28, 2001, you requested that License SNM-33 be amended to reflect the phase down and cessation of certain licensed activities.

The current method for determining annual fees for fuel facility licensees was established in FY 1995 after notice and comment rulemaking. The methodology results in the reasonable grouping of fuel facility licenses into fee categories according to the licensed operations and the level, scope, depth of coverage, and rigor of generic regulatory programmatic efforts. The programmatic efforts reflect the safety and safeguards significance associated with the authorized nuclear materials and use/activity, and the commensurate generic regulatory program (i.e., scope, depth and rigor). A matrix depicts the categorization of the fuel facility licenses based on these factors.

The NRC's Office of Nuclear Material Safety and Safeguards has revised the NRC Fuel Cycle Regulatory Program Effort/Fee Determination matrix based on your March 28, 2001, amendment request. The results of the revised matrix, adjusted to reflect that your reduced activities occurred for the last half of FY 2001, are reflected in the final FY 2001 fee rule, which

was published in the Federal Register on June 14, 2001 (66 FR 32451). A copy of the Federal Register notice and the revised matrix are enclosed for your convenience. As the revised matrix shows, based on your March 28, 2001, amendment request, the safety and safeguards effort factors for solid UF₆/metal and liquid UF₆ have been reduced to zero. However, the effort factors for conversion/powder have not been reduced because the capability for conversion powder operation still existed as of April 1, 2001. The revised total effort factors for the process categories applicable to License SNM-33 is 20, compared to 28 in the current matrix. However, the reduced activities have not diminished the total safety and safeguards effort factors and the commensurate generic regulatory program for license SNM-33 to the extent that it will place the license in the next lower fee category. For purposes of the FY 2001 final fee rule, the revised effort factors have been adjusted to 24 based on the cessation of the activities for the last half of FY 2001.

Based on the foregoing, your request that License SNM-33 be downgraded from fee category 1.A(1)(b) to fee category 1.A(2)(a) and that the FY 2001 annual fee be prorated is denied. The final FY 2001 annual for fee category 1.A.(1)(b) is \$1,146,000. The annual fee invoices for the first three quarters of FY 2001 for License SNM-33 totaled \$845,850. The fourth quarterly invoice, which will be sent prior to the August 13, 2001, effective date of the final rule, will be for the remaining balance of \$311,150.

If you have any questions regarding this matter, please contact Glenda Jackson of my staff at 301-415-6057.

Sincerely,

R/A

Diane B. Dandois, Chief
License Fee and Accounts Receivable Branch
Division of Accounting and Finance
Office of the Chief Financial Officer

Enclosures: 1. Federal Register Notice
2. Revised Matrix

was published in the Federal Register on June 14, 2001 (66 FR 32451). A copy of the Federal Register notice and the revised matrix are enclosed for your convenience. As the revised matrix shows, based on your March 28, 2001, amendment request, the safety and safeguards effort factors for solid UF₆/metal and liquid UF₆ have been reduced to zero. However, the effort factors for conversion/powder have not been reduced because the capability for conversion powder operation still existed as of April 1, 2001. The revised total effort factors for the process categories applicable to License SNM-33 is 20, compared to 28 in the current matrix. However, the reduced activities have not diminished the total safety and safeguards effort factors and the commensurate generic regulatory program for license SNM-33 to the extent that it will place the license in the next lower fee category. For purposes of the FY 2001 final fee rule, the revised effort factors have been adjusted to 24 based on the cessation of the activities for the last half of FY 2001.

Based on the foregoing, your request that License SNM-33 be downgraded from fee category 1.A(1)(b) to fee category 1.A(2)(a) and that the FY 2001 annual fee be prorated is denied. The final FY 2001 annual for fee category 1.A.(1)(b) is \$1,146,000. The annual fee invoices for the first three quarters of FY 2001 for License SNM-33 totaled \$845,850. The fourth quarterly invoice, which will be sent prior to the August 13, 2001, effective date of the final rule, will be for the remaining balance of \$311,150.

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Diane B. Dandois, Chief
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