

February 25, 2002

Soil Technology, Inc.
Attn: Scott Zimmerman, V.P.
2201 Vondron Road
Madison, WI 53718

Dear Mr. Zimmerman:

This letter explains why the NRC determined that Soil Technology does not qualify as a small entity under NRC's size standards and, therefore, why we issued the enclosed denial of your small entity claim. The Fiscal Year 2002 annual fee invoice (AM1294-02) was issued for \$2,400. You certified that Soil Technology has less than \$350,000 in annual gross receipts and paid a small entity fee of \$500.

The NRC is required to perform a post audit review of small entity forms filed by licensees to ensure that those filing and paying a reduced fee are a small business. We use various tools, including credit reports and Internet searches. Our review of Soil Technology, Inc., indicated that a business relationship exists between Soil Technology, Inc., and Terra Engineering and Construction Corporation (Terra).

NRC's size standards are published at 10 CFR 2.810. NRC's small entity fees are described annually in the Small Entity Compliance Guide, published each year as an attachment to the fee schedules. A copy of the latest guidance is enclosed for your use. We use the Small Business Administration's (SBA) definition of receipts which currently appears at 13 CFR 121.104. SBA further indicates that receipts include those of any affiliates as defined at 13 CFR 121.103. Briefly, SBA's regulations state that "Individuals or firms that have identical or substantially identical business or economic interests, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, may be treated as one party with such interests aggregated."

We note that the authorized place of use is 2201 Vondron Road, Madison, WI, which is also the address of Terra. Further, while Scott Zimmerman is the V.P. of Soil Technology, Inc., we note that Gary Zimmerman is COB and Gary Zimmerman, Jr. is V.P. of Terra. It would indicate to us that the Zimmerman family controls both entities. Thus, we look to the total annual gross receipts of both entities for determining if Soil Technology, Inc., qualifies as a small entity under the size standard you selected on the NRC Form 526. Because the aggregated receipts of the affiliated entities exceeds \$350,000, and, indeed also exceed the higher tier small entity fee of \$2,300 for \$350,000 to \$5,000,000 in average gross receipts, your claim is denied. The amount currently due is \$1,900.00 which does not include interest and past due charges.

Payment of the balance of \$1,900.00 should be received within 30 days from the date of this letter to avoid late charges being assessed.

S. Zimmerman

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If you have any questions about NRC's fee policy, please contact Glenda Jackson at 301-415-6057. If you have any questions about NRC's size standards, please contact Michael Lesar at 301-415-7163.

Sincerely,

/RA/

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

Enclosures: NRC Form 578 Small
Status Denial
FR Vol 66., No. 115,
6/14/01, pp32480,32481

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ADAMS **Yes** No Initials dbd
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