

January 6, 2005

Mr. A. Fred Dohmann, President & CEO
FMRI, Inc.
Number Ten Tantalum Place
Muskogee, OK 74403

Dear Mr. Dohmann:

I am responding to your November 18, 2004, letter in which FMRI, Inc. requests a continuance or deferral of all charges, penalties, interest, etc., associated with invoice FL0014-05, until such time conclusive information can be obtained from the Nuclear Regulatory Commission (NRC) to substantiate the nature of the assigned fees. My staff contacted the reviewers whose time is shown on the invoice and, based on the information below, the invoice is correct and payment is due.

Mr. Shepherd and Mr. Fredrichs of the NRC's Office of Nuclear Materials Safety and Safeguards (NMSS) reported that during the time frame in question (July 3, 2004 through September 18, 2004), they were working on FMRI's contention that it did not have enough money to comply with license conditions specifying the decommissioning schedule to which FMRI agreed in order to obtain NRC acceptance of the bankruptcy settlement. According to Mr. Shepherd, FMRI asserted that it could not meet its license conditions to start remediation of the site without the increased funding ceiling. NRC staff evaluated information submitted by FMRI and its parent company Fansteel concerning their financial ability to pay and evaluated changes to the trust agreement which would permit the increased funding. In August 2004, there was a meeting between NRC, FMRI, and Fansteel to discuss costs and FMRI's "need" for additional money from the Decommissioning Trust Fund. The issues (schedule and funding) have not yet been resolved despite many meetings and conference calls among NRC's Office of General Council, Office of Enforcement, NMSS, and FMRI.

For your clarification, Mr. Shepherd is the NRC's Project Manager for the FMRI case (and during his absence in August 2004, Ms. Banovac was the NRC's Acting Project Manager). In the FY 1999 Final Fee Rule [FR Vol. 64, No. 111; dated June 10, 1999] the NRC revised 10 CFR Part 170 to include "full cost" recovery for all Project Managers' time, excluding time spent on generic activities and leave time. Accordingly, FMRI was billed for all Project Management time associated with this activity. The charges on the enclosed invoice are due in full; however, interest will be waived if payment is received within 30 days from the date of the invoice.

Please find a copy of invoice FL0014-05 enclosed with a revised issued date. If you have any questions regarding this invoice, please contact Ellen Poteat of my staff at (301) 415-6392.

Sincerely,

/RA/

Robert D. Carlson, Chief
License Fee Team
Division of Financial Management
Office of the Chief Financial Officer

Enclosed: FL0014-05

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Enclosed: FL0014-05

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