

OFFICE OF THE SECRETARY  
CORRESPONDENCE CONTROL TICKET

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**PAPER NUMBER:** LTR-10-0323 **LOGGING DATE:** 07/14/2010  
**ACTION OFFICE:** EDO *CFO*

**AUTHOR:** Kevin Schehr  
**AFFILIATION:** LA  
**ADDRESSEE:** Comm William Ostendorff  
**SUBJECT:** Meeting request, concerns Amendment Review of Type B Certificates 9263 and 9282

**ACTION:** Appropriate  
**DISTRIBUTION:** RF

**LETTER DATE:** 07/09/2010  
**ACKNOWLEDGED:** No  
**SPECIAL HANDLING:** To EDO/CFO for Appropriate Action

**NOTES:**  
**FILE LOCATION:** ADAMS

**DATE DUE:** **DATE SIGNED:**

July 9, 2010

Commissioner William C. Ostendorff  
U.S. Nuclear Regulatory  
Commission Mail Stop O-16G4  
Washington, DC 20555-0001

Subject: Meeting Request

Reference: Amendment Review of Type B Certificates 9263 and 9282

Dear Commissioner Ostendorff,

Source Production and Equipment Co., Inc. (SPEC) is a small business in St. Rose, Louisiana. We hold several NRC Certificates of Compliance for Type B packages used by the industrial radiography industry to transport radioactive sealed sources.

We request a meeting with you to describe significant problems related to NRC review of our recent Type B package amendment applications. We believe this issue falls within your area of concern based on statements you made at the last CRCPD conference. You stated;

"I would like to let you all know that I am a firm believer in predictable and stable regulation. Predictability and stability that facilitates long-term strategic planning is essential for all of the NRC's stakeholders, including the regulated community. Furthermore, I also believe that it is critical that the NRC conducts its business openly, with transparency and with clear and effective communications."

We agree with your statements and trust that they also apply to the regulatory process, yet we believe that the current Type B package amendment review process is not predictable and it inhibits our long-term strategic planning. We would like to meet with you to provide evidence that the current process is (1) excessively expensive, (2) completely unpredictable regarding fees and duration, and (3) involves irrelevant review.

Here is an example that illustrates the basis for some of our concerns. Last October we submitted two typical amendment applications for previously approved packages, Certificate numbers 9263 and 9282. There are absolutely no package design changes involved. Yet, to date, the review fees charged are \$49,934 for 194.3 review hours.... and counting. This is in stark contrast to the fees charged for all other similar amendments in our history. The costs for our two most recent similar amendments are as follows:

- March 13, 2009 amendment for Certificate 9263 cost \$1,190 for 5 review hours.
- May 1, 2006, amendment for Certificate 9036 cost \$7,743 for 39.3 review hours.





The NRC review of our two pending amendment requests is currently on hold. Last March the NRC sent two Requests for Additional Information (RAI) to us. We believe that some of the questions in the RAI's are irrelevant to our amendment requests. The NRC review staff set an end of July, 2010, deadline for us to either withdraw our applications or to authorize the continuation of their reviews by responding to the RAI's. We are reluctant to respond to the RAI's for fear that it will result in additional unnecessary review fees. We also do not wish to withdraw the amendment requests. We would like to resolve the excessive fees and RAI relevancy issues before we proceed.

The NRC charges for amendment application reviews on an hourly basis. The NRC does not have a set fee for an application review and does not provide an estimate of the fee in advance. In the past we were able to predict review fees based on experience. This method is no longer relevant because the relationship between historical and current fees no longer exists. Consequently, we have no reasonable basis to predict the cost or time required to maintain Type B package approvals. We know only that the fees will be much higher and take much longer.

We are unable to make sound business decisions involving such high fees and uncertainty. We are helpless to resolve this situation without your help. We hope to meet with you soon because the amendments are vital to our business.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin J. Schehr".

Kevin J. Schehr  
Vice President

Source Production and Equipment Co., Inc.