



OFFICE OF THE  
CHIEF FINANCIAL  
OFFICER

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

October 3, 2016

Mr. Chris Miller, PE  
President  
Design Alaska, Inc.  
601 College Rd  
Fairbanks, AK 99701

Dear Mr. Miller:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter dated August 11, 2016, requesting to receive a prorated invoice under Title 10 of the *Code of Federal Regulations* (10 CFR) 171.17(b)(2) with regards to the annual licensing fee of \$8,000 that the NRC invoiced to Design Alaska, Inc.

The NRC has established regulations for the granting a prorated invoice upon terminations of materials licenses under 10 CFR 171.17(b)(2), "Terminations." The NRC staff has reviewed your request based on that regulation:

- *10 CFR 171.17(b)(2) Terminations*, the annual fee will be prorated for licenses for which a termination request or a request for a POL [Possession Only License] has been received on or after October 1 of a FY on the basis of when the application for termination or POL is received by the NRC provided the licensee permanently ceased licensed activities during the specified period. Licenses for which applications for termination or POL are filed during the period October 1 through March 31 of the FY are assessed one-half the annual fee for the applicable category(ies) for that FY. Licenses for which applications for termination or POL are filed on or after April 1 of the FY are assessed the full annual fee for that FY. Materials licenses transferred to a new Agreement State during the FY are considered terminated by the NRC, for annual fee purposes, on the date that the Agreement with the State becomes effective; therefore, the same proration provisions will apply as if the licenses were terminated.

In your letter you state that Design Alaska, Inc. is a small business according to federal government, but not a small business according to NRC regulations. You also state that on January 21, 2016, Design Alaska had to make several cuts within the company and closing the lab was one of them as there was not much work as your last job involving field testing was performed on September 15, 2015. You proceed to state that on March 23, 2016, Design Alaska, Inc. found a company (Global Field Supplies) to purchase the gauges and many other pieces of equipment. Finally, you state that during the period in which you found a buyer for the equipment, it was your understanding that you had to maintain your license so long as you had possession of the nuclear gauges. However, you state that you learned later on that you were not required to maintain your license and could have submitted your termination request prior to March 31, 2016, which would have made you eligible to receive a 50 percent prorated invoice.

The fees assessed to licensees and applicants by the NRC must conform to the Omnibus Budget Reconciliation Act of 1990, which requires the NRC to collect approximately 90 percent of its annual budget authority (less certain excluded items) through both user fees and annual fees. The NRC assesses these annual fees only to licensees or certificate holders, and the annual fee schedule must be fair and must equitably allocate annual fees among the NRC's many licensees. Finally, annual fees are assessed based on the license authorization, not the licensee's actual use of licensed material.

Design Alaska, Inc. does not satisfy the current regulatory test for providing a prorated invoice for one-half of the annual fee because the NRC received your termination request on July 18, 2016. Yet even so, the NRC agrees that based on the March 23, 2016, date in which you agreed to sell the equipment and the follow-up email of the agreement to purchase the equipment provided, you could have applied for a possession only license at that time, which would have allowed for you to qualify for a prorated invoice during the proration period. The information you provided allows me to grant—based on the case-specific facts here—a one-time extension of time to request termination to July 18, 2016, which ultimately allows you to qualify for a 50 percent prorated annual licensing fee of \$4,000.

If payment of the annual fee in one lump sum represents an undue financial burden, you may request a payment plan for future invoices. As per 10 CFR 15.35(b), "Payments," a debtor may arrange an installment plan with the NRC for payment of fees if the debtor is unable to pay the invoice in one lump sum. Please note that currently all installment agreements require the payment of interest at 1 percent annually and an administrative charge of \$7.00 per period.

Please contact Mr. Dylan Oursler, of my staff at (301) 415-5825 for any payment plan related questions. Please contact Mr. Billy Blaney of my staff, at (301) 415-5092, for any fee-related questions.

Sincerely,

*/RA/*

Maureen E. Wylie  
Chief Financial Officer

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Sincerely,

*/RA/*

Maureen E. Wylie  
Chief Financial Officer

**DISTRIBUTION:** **OCFO 16-00474**

K. Riner, OCFO      M. Blair, OCFO

ADAMS:  Yes  No      Initials: WB      SUNSI Review: WB  
 Publicly Available  Non-Publicly Available       Sensitive  Non-Sensitive

**ADAMS Accession No: ML16246A193**

**\*via email**

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<b>NAME</b>	WBlaney	JSuttenberg	DD'Abate	MKaplan	RAIwein
<b>DATE</b>	09/23/16	09/23/16	09/28/16	09/30/16	09/30/16
<b>OFFICE</b>	DPB	DCFO	CFO		
<b>NAME</b>	BFicks	MCMuessle	MEWylie		
<b>DATE</b>	09/30/16	09/30/16	10/03/16		

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