



AEROTEST OPERATIONS, INC.

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January 22, 2019

ATTENTION: Document Control Desk
NRC's Chief Financial Officer
U.S. Nuclear Regulatory Commission
White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

AEROTEST RADIOGRAPHY AND RESEARCH REACTOR
DOCKET NO. 50-228/LICENSE NO. R-98.

Ladies and Gentlemen:

Let me introduce myself as David M. Slaughter, PhD, the President of Aerotest Operations Inc., For decades, I have had past successful experiences with NRC teams in relation to the University of Utah's research reactor as the former director of the C.E.N.T.E.R. and professor guiding nuclear engineering candidates, as well as a reviewer participant on visiting teams for formal review of other reactors/directors across the country. My long history in nuclear engineering research, knowledge of the performance of research reactors, and education and training of staff and students prepared me well to later own Aerotest Operations Inc.

As you know, it is necessarily a complex (and costly process) to transfer an existing reactor license. In the case of ARRR(R-98), it was even more so which began in 2012. In July 2017, I purchased 100 percent of the stock in the company that possessed a part 50 license, R-98. Based on my prior experience, I planned for what should have been a 6-to-9 month effort to perform a restart activity. Yet NRC-related activities have dragged on beyond 17 months with no end in sight. Some processes requiring NRC staff involvement still remain unresolved at the writing of the December 2018 letter declaring the intent to decommission the license. These circumstances have contributed significantly to expensive delays. It is not clear to me if such delays are the outcome of systemic processes within the NRC or have been created by individual personnel or likely a combination of both.

While I believe a licensee should be held responsible for failings of our own obligations, in the same vein I strongly believe NRC staff should be held responsible—even financially responsible—for their actions or lack of actions that cause or contribute to an egregious failure of progress, particularly when services provided and cost reimbursement to the NRC are required by law.

I request reimbursement of only some of the costs paid to the NRC from 2005 to 2018 in the amount of \$2,482,682.31—for itemized fees, inspection services, and more that were not performed in a satisfactory manner. Payments made to the NRC are summarized in the attached spreadsheet that represents only a fraction of the total payments made during this time period.

AD20
NRR

Aerotest Operations and the NRC have documented evidence of the catastrophic failure of the safety culture. What ultimately protected the public and environment was an inherently well-engineered UZrHx fuel. Due to their ineffective interactions and bloated financial charges, the NRC staff caused a "chilling-effect" on the circumstances surrounding this reactor, which are stunning and sad given that many of the processes associated with this facility required direct NRC staff oversight. NRC documents—correspondence, NRC inspection reports, and meeting minutes of ARRR safeguard committee—provided an altered picture from the reality of the reactor's actual condition and operating circumstance.

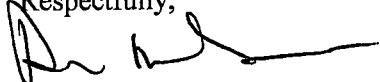
I would like to be part of the greater dialogue to promote safe practices and effective unfettered communication between the nuclear reactor licensee and NRC staff. These improvements will result in a safer environment for radiation workers and the public. I trust that the proposed open discussions will be without fear of retaliation, intimidation, or harassment concerning the licensee's past compliance and concerns with the ignorance (or, worse, arrogance) of the NRC staff in their obligation to regulatory oversight. The nuclear safety culture for the ARRR reactor or any other licensed facility must consist of core values and behaviors resulting from collective commitments by the licensee, safety committee, and the NRC staff that should result in the protection of people and the environment.

Expertise employed by the licensee must act with the operational knowledge of the reactor and the fuel it utilizes. The administrative and operating staff must be fully invested in compliance with good safety practices well beyond the minimal regulatory obligations. The existing ARRR staff failed to meet the required standard. The safeguards committee included skilled members outside operating staff who are familiar with the NRC regulations, operation, and radiation protection programs. However, the safeguards committee charter was antiquated and open to interpretation, which limited the committee's effectiveness. Due to the charter's perceived limited scope, relevant information and/or reviews were not provided or performed. Likewise, members of the NRC staff should have the expertise to understand the operational principles of the facilities and the basis of the regulations to develop reasonable compliance solutions that meet the intent, performing their required tasks in a professional, cost-effective, and timely manner. The NRC staff failed to meet the required standard.

During the upcoming months, I will be submitting a license amendment for possession-only status and preparing the decommissioning plan for the ARRR (R-98). I will also document the issues that are present along with a root-cause analysis for the failure of the ARRR restart activity.

Should you have any questions or require additional information regarding this submission, please contact me at 801-631-5919 and dmsraven@gmail.com. I declare under penalty of perjury that the statements above are correct and truthful.

Respectfully,



David M. Slaughter, PhD
President and Reactor Administrator
General Manager and Manager

cc. U.S. Nuclear Regulatory Commission
Office of the Inspector General
Mail Stop O5-E13
11555 Rockville Pike
Rockville, MD 20852

AEROTEST OPERATIONS, INC.
Custom Transaction Detail Report
All Transactions

Type	Date	Num	Name	Memo	Total	Indemnity	Annual	Inspection	Safety	Renewal	Restart	Other	Project		
					Amount								Management	Transfer	
Check	03/09/2005	10123	NRC	Part 50 Routine	13,188.00			13,188.00							
Check	03/24/2005	10211	NRC	Indemnity Fee (April 05 thr April 06)	100.00	100.00									
Check	04/26/2005	10302	NRC	PM	8,792.00									8,792.00	
Check	08/08/2005	10618	NRC	Annual Permit Fee (License No. R-98)	59,500.00		59,500.00								
Check	08/08/2005	10619	NRC	PM	12,953.00									12,953.00	
Check	10/20/2005	10867	NRC	Routine Reactive Inspections	8,792.00			8,792.00							
Check	10/20/2005	10868	NRC	PM	13,090.00									13,090.00	
Check	02/07/2006	11207	NRC	PM	20,213.00									20,213.00	
Check	03/07/2006	11287	NRC	Indemnity Fee (4-16-06 thru 4-15-07)	100.00	100.00									
Check	04/21/2006	11448	NRC	PM	17,466.00									17,466.00	
Check	08/10/2006	11731	NRC	FY Annual Fee	80,100.00		80,100.00								
Check	08/10/2006	11745	NRC	PM	13,633.00									13,633.00	
Check	10/23/2006	11967	NRC	PM	1,407.00									1,407.00	
Check	01/29/2007	12264	NRC	Review of Part 50	7,985.60									7,985.60	
Check	01/26/2007	12274	NRC	Part 50 Routine (9/17/06-12/23/06)	13,229.00			13,229.00							
Check	01/26/2007	12266	NRC	Review of Part 50 \$868/PM \$7985	8,854.00					869.00				7,985.00	
Check	02/06/2007		NRC	Part 50 Routine	0.00										
Check	03/29/2007	12439	NRC	Indemnity Fee(4-16-07 thru 4-15-08)	100.00	100.00									
Check	04/20/2007	12534	NRC	PM	3,342.00										
Check	06/06/2007	12671	NRC	Docket No. 50-228	27.00										27.00
Check	07/17/2007	12804	NRC	Docket No. 50-228	27.00										27.00
Check	07/28/2007	12852	NRC	PM	9,765.00									9,765.00	
Check	08/16/2007	12915	NRC	FY 2007 ANNUAL FEE	76,300.00		76,300.00								
Check	10/18/2007	13121	NRC	PM	16,507.00									16,507.00	
Check	10/18/2007	13122	NRC	Routine Inspections	18,445.00			18,445.00							
Check	02/04/2008	13472	U.S.NUCLE	PM	6,424.00									6,424.00	
Check	04/10/2008	13685	U.S.NUCLE	Indemnity Fee-License R-98	100.00	100.00									
Check	04/18/2008	13716	NRC	PM	8,772.00									8,772.00	
Check	07/22/2008	13977	U.S.NUCLE	PM	5,392.00									5,392.00	
Check	08/09/2008	14035	NRC	Routine Inspection	25,800.00			25,800.00							
Check	08/25/2008	14084	NRC	Annual Fee	76,500.00		76,500.00								
Check	10/17/2008	14248	NRC	Review of Part 50	6,129.00									6,129.00	
Check	02/09/2009	14592	NRC	PM	68,473.00									68,473.00	
Check	03/10/2009	14665	U.S.NUCLE	Indemnity Fee	100.00	100.00									
Check	04/16/2009	14769	U.S.NUCLE	PM	74,018.00									74,018.00	
Check	07/23/2009	14999	NRC	PM	102,388.00									102,388.00	
Check	08/10/2009	15073	U.S.NUCLE	FY 2009 License R-98 Renewal	87,600.00		87,600.00								
Check	10/21/2009	15246	U.S.NUCLE	Review of part 50	17,136.00			17,136.00							
Check	10/27/2009	15251	U.S.NUCLE	Review of Part 50 \$257/PM \$476	733.00					257.00				476.00	
Check	02/08/2010	15526	NRC	Review of Part 50 \$1028/PM \$9354	10,383.00					1,028.00				9,355.00	
Check	04/27/2010	15708	U.S.NUCLE	Review of Part 50 \$17912/PM \$6450.70	24,384.00									6,452.00	17,912.00
Check	05/12/2010	15771	NRC	Indemnity Fee	100.00	100.00									
Check	07/30/2010	15954	U.S.NUCLE	Routine/Reactive Inspections(3/28-7/03/10)	18,504.00			18,504.00							
Check	07/30/2010	15955	U.S.NUCLE	Review of Part 50\$11950/PM \$28038.70	39,989.00									28,039.00	11,950.00
Check	08/24/2010	15954	U.S.NUCLE	FY 2010 Annual Fee	81,700.00		81,700.00								
Check	10/25/2010	16090	U.S.NUCLE	Review of Part 50 \$1150 / PM \$12917.20	14,487.00									12,917.00	1,550.00
Check	03/10/2011	16346	U.S.NUCLE	Inspection Report 28 hrs / Transfer 18 hrs	15,161.50			10,360.00		518.00				129.50	4,144.00
Check	04/13/2011	16390	U.S.NUCLE	Indemnity Fee	100.00	100.00									
Check	05/31/2011	16467	NRC	License Transfer Fee	518.00										518.00
Check	08/12/2011	16566	NRC	PM	17,096.59									17,096.59	
Check	09/16/2011	16620	U.S.NUCLE	Annual License Fee(10-01-2010-9-30-2011)	86,300.00		86,300.00								

AEROTEST OPERATIONS, INC.
Custom Transaction Detail Report
All Transactions

Type	Date	Num	Name	Memo	Amount	Indemity	Annual	Inspection	Safety	Renewal	Restart	Other	Management	Transfer
Check	11/21/2011	16710	U.S.NUCLE	Inspection 58 hrs/over head 64.08 hrs	32,037.18			15,022.00					16,756.18	259.00
Check	03/16/2012	16869	U.S.NUCLE	Indemnity Fee	100.00	100.00								
Check	03/16/2012	16875	U.S.NUCLE	Review of Part 50 - PM	25,025.91			25,025.91						
Check	05/03/2012	16947	NRC	Inspection 68 hrs/safety 214 hrs/PM 16 hrs	86,030.49			18,563.00	61,971.00				5,498.49	
Check	08/24/2012	17119	NRC	Inspection 56 hrs/safety 234.5 hrs/transfer 43/pm 105.5 hrs	163,936.50			19,110.00	103,487.00				29,620.50	11,739.00
Check	08/29/2012	17132	NRC	Annual Fee License R-98	34,700.00		34,700.00							
Check	08/29/2012	17140	U.S.NUCLE	Annual Fee R-98	34,700.00		34,700.00							
Check	11/14/2012	17238	NRC	Safety 165.50 hrs/Transfer 175.75 hrs/Inspection 166 hrs	158,234.75			45,372.00	45,181.50				19,686.00	47,995.25
Check	01/14/2013	17335	U.S.NUCLE	Cynthia Montgomery	8,198.36								6,198.36	
Check	02/27/2013	17399	NRC	Safety 48 hrs/Transfer 240 hrs/Inspection 48 hrs	155,084.00			13,152.00	40,278.00				35,757.00	65,897.00
Check	03/04/2013	17408	NRC	Late Fee	7.00							7.00		
Check	04/25/2013	17489	NRC	Safety R/View 115 hrs/Transfer 128.5 hrs/PM 121 hrs	99,325.00				31,510.00				33,154.00	34,661.00
Check	05/02/2013	17495	NRC	BDN-NN-13-0018	100.00	100.00								
Check	08/05/2013	17636	NRC	Safety 90hrs/Transfer 73.25 hrs/ PM 101.75 hrs	72,610.00				24,660.00				20,070.50	27,879.50
Check	09/06/2013	17673	NRC	Annual Fees	81,600.00		81,600.00							
Check	11/06/2013	17767	U.S.NUCLE	Safety R/View 104 hrs/Transfer 82.50 hrs/PM 58.25	67,804.00				28,288.00				17,076.00	22,440.00
Check	03/10/2014	17935	U.S.NUCLE	BDN NN-14-0019	100.00	100.00								
Check	03/10/2014	17936	U.S.NUCLE	Safety Review 8 hrs/PM 5.36hrs	3,643.95				2,176.00			10.00	1,457.95	
Check	04/22/2014	18009	NRC	PM Changes 30 hrs	8,286.00								8,286.00	
Check	08/18/2014	18168	NRC	Indirect Transfer 126 hrs/PM 53.65 hrs	57,908.80								14,592.80	43,316.00
Check	09/24/2014	18222	NRC	Annual Fees	84,500.00		84,500.00							
Check	11/18/2014	18296	NRC	Transfer 244.25 hrs/PM 33 hours	75,427.05								8,987.55	66,439.50
Check	02/09/2015	18434	NRC	2014201/0500028 64 hrs and PM Charges 27.5 hrs	25,458.75			17,856.00					7,602.75	
Check	03/30/2015	18513	U.S.NUCLE	Ref: 050-00228 D	100.00	100.00								
Check	09/23/2015	18757	NRC	Docket #05000228 (Period 7/01/2015-09/30/2015)	83,500.00		83,500.00							
Check	03/23/2016	19033	U.S.NUCLE	Bill No. NN-16-0016	100.00	100.00								
Check	05/26/2016	19118	U.S.NUCLE	NRC Fees	20,381.58				268.00			7.00		20,106.58
Check	08/10/2016	19236	NRC	Proof of Financial protection/Transfer 108 hrs	30,680.64									30,680.64
Check	09/06/2016	19267	NRC	ANNUAL FEE	81,500.00		81,500.00							
Check	11/04/2016	19357	NRC	Proof of Financial protection/Transfer 221.75 hours	62,965.33									62,965.33
Check	02/17/2017	19516	NRC	QTR. 9/18/16 thru 12/24/16 (Part 170)	15,028.15								850.65	14,177.50
Check	04/19/2017	19612	NRC	SRI Allocation Costs	11,797.80				530.00				667.80	10,600.00
Check	05/19/2017	19656	NRC	Bill No. NN-17-0014	100.00	100.00								
Check	07/24/2017	19758	U.S.NUCLE	Fingerprinting Backgrnd Check for DMS	10.00							10.00		
Check	07/26/2017	19772	U.S.NUCLE	LFB 17-4184	16,783.78				8,480.00				950.03	7,353.75
Bill	09/01/2017	LFB-17-5273	U.S.NUCLE	6/1/17-9/30/17	81,400.00		81,400.00							
Bill	10/25/2017	LFB 18-0411	U.S.NUCLE	6/25/17-9/30/17	10,662.54				861.25				603.54	9,197.75
Bill	01/23/2018	05000228	U.S.NUCLEAR	REGULATORY COMM.	3,136.28					1,183.50			1,426.78	526.00
Bill	04/26/2018	05000228	U.S.NUCLE	12/24/17-3/31/18	27,529.53					18,541.50			8,988.03	
Bill	06/12/2018	Criminal Check	U.S.NUCLE	finger printing	10.00									
Bill	07/19/2018	LFB 18-4924	U.S.NUCLE	Docket # 05000228	81,473.46					58,479.25	7,627.00	5,851.75	11,515.46	
Bill	08/28/2018		U.S.NUCLEAR	REGULATORY COMM.	10.00								10.00	
Bill	08/28/2018	LFB 18-5687	U.S.NUCLE	Per Small Business Form 526	850.00		850.00							
Bill	10/25/2018	LFB19-0384	NRC	LFB19-0384 Docket #05000228 Small Business Fees	3,343.59					1,908.63	845.80		589.16	
Total					2,996,344.19	1,300.06	1,030,750.00	279,554.91	349,473.75	78,981.88	8,472.80	5,905.75	729,543.22	512,361.80