



CHIEF FINANCIAL
OFFICER

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

May 28, 2020

Mr. Matthew R. Lamon, P.E.
Vice President
Stewart Engineering, Inc.
131 Hekili Street, Suite 207
Kailua, HI 96734

Dear Mr. Lamon:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter dated February 18, 2020 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML20104A992), requesting that the NRC consider allowing a one-time exemption for Stewart Engineering, Inc., to pay the lowest allowable fee of \$900 as outlined on NRC Form 526, "Certification of Small Entity Status for the Purposes of Annual Fees." We reviewed the requested adjustment of your annual fees from the upper tier to the lower tier small entity fee under 10 CFR 171.16(c), which describes the NRC small entity size standards and fees. The criteria for NRC's small business size standards can be found under 10 CFR 2.810, "NRC Size Standards."

Initially, I note that the incoming request did not include NRC Form 526 and Stewart Engineering, Inc., will need to complete the small entity status under section 1A - Small Business of NRC Form 526; nevertheless, my staff analyzed the information presented in the letter. The stipulations that apply to this section are that the business must be a for-profit concern not engaged in manufacturing with average annual gross receipts of \$485,000 to \$7,000,000 calculated over the last three completed fiscal years. Gross annual receipts include all revenue received or accrued from any source, including receipts of the parent company, any subsidiaries and/or affiliates, and account for both foreign and domestic locations. Receipts include all revenues from sales of products and services, interest, rent, fees, and commissions from whatever sources derived (i.e., not solely receipts from NRC-licensed activities).

In your letter, you assert that your gross receipts for 2019 are below the \$485,000 threshold to qualify for the NRC-prescribed \$900 small entity reduced annual fee. In addition, you assert that your projected gross receipts in 2020 will decrease by another 35 percent. We have examined your tax returns and the estimated receipts provided for 2017 through 2020. Each fiscal year, as well as the average gross receipts for the last three completed fiscal years, exceed the maximum limit of less than \$485,000, and thus would not qualify for the reduced \$900 annual fee. Furthermore, including the estimated gross receipts for 2020 would decrease the average gross receipts for the last three fiscal years (2018-2020); however, Stewart Engineering, Inc., would still exceed \$485,000 needed to qualify for small entity status under the NRC's small business size standards.

We have also considered, as requested in your letter, whether the NRC can grant an exemption that would allow you to pay a reduced annual fee under the provisions in 10 CFR 171.11. Your letter does not provide a basis for the NRC to grant such an exemption. Therefore, I am unable

to grant your request for a one-time fee exemption adjustment of your annual fees from the upper tier to the lower tier small entity fee for fiscal year 2020.

If you are unable to pay the total fee with one payment, you may also arrange for a payment plan. 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 direct any questions regarding the settlement of invoice LFB 20-2222 to Ms. Carly Nelson-Wilson of my staff at (301) 415-3479. Please contact Mr. William Blaney of my staff, at (301) 415-5092, for any fee-related questions.

Sincerely,

Cherish K. Johnson
Chief Financial Officer

SUBJECT: LETTER TO MATTHEW LAMON, STEWART ENGINEERING, INC., IN
RESPONSE TO A FEE WAIVER DATED FEBRUARY 18, 2020; RESPONSE
LETTER DATED May 28, 2020

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**ADAMS Accession No: ML20125A189 (package); ML20104A992 (incoming);
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