

July 25, 2005

Mr. Howard A. Pulsifer
Vice President, General Counsel, and Secretary
AAR Corporation
One AAR Place
1100 N. Wood Dale Road
Wood Dale, IL 60191

Dear Mr. Pulsifer,

I am writing to inform you of a recent change to the Nuclear Regulatory Commission (NRC) regulations on fee recovery of its oversight costs for unlicensed sites in decommissioning. Beginning July 25, 2006, the NRC will bill unlicensed sites under 10 CFR Part 170 for all NRC costs incurred for site-specific decommissioning activities. This change was enacted through notice and comment rulemaking, and was finalized in the *Federal Register* on May 26, 2005 (Enclosure 1), as modified by the correction notice published on June 10, 2005 (Enclosure 2).

The NRC is enacting this change to enhance the fairness and equity of its fee schedule. Title V of the Independent Offices Appropriation Act of 1952 authorizes Federal regulatory agencies to recover, to the fullest extent possible, the costs of services provided to identifiable recipients. The NRC currently recovers the costs of other licensee-specific activities under 10 CFR Part 170. Because the NRC's review of decommissioning activities provides a specific benefit to the owners or operators of these unlicensed sites, the NRC believes it is fair and appropriate to recover these costs through Part 170 fees. If the NRC did not recover these costs through Part 170 fees, it would need to recover these costs through annual fees to other licensees in order to meet the requirements of the Omnibus Budget Reconciliation Act of 1990, as amended, to recover almost all of the NRC's budget through fees.

The NRC will bill unlicensed sites for decommissioning activities at quarterly intervals under the full cost recovery provisions of 10 CFR 170.31, fee category 14.B. The full cost fees to be assessed will be based on the professional staff time and contractual support services expended. The hourly rate to be charged can be found in 10 CFR 170.20(b), and is currently \$197 per hour.

If you have any questions or need additional information regarding this matter, please contact Ellen Poteat of my staff at 301-415-6392.

Sincerely,

/RA/

Jesse L. Funches
Chief Financial Officer

Enclosures:

1. 5/26/05, Federal Register Notice
(70 FR 30526)
2. 6/10/05, Federal Register Notice
(70 FR 33819)

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Chief Financial Officer

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(70 FR 33819)

Distribution: E. Poteat S. Crutchfield

G. Peterson

DFM/RF

DFM/FPCAT RF OCFO/RF

*See Previous Concurrence

ADAMS Yes Publicly Available Non-Sensitive Initials RS

SISP Review rs 7/25/05

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DATE	07/21/05		06/06/05		06/03/05		7/22/05		07/22/05	

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NAME	ACRossi		MSGivines (ARossi for)		PJRabideau		JLFunches	
DATE	07/25/05		07/25/05		07/25/05		07/25/05	

Identical letters to be sent to all the following:

1. *AAR Manufacturing -04000235*
AAR Corporation
One AAR Place
1100 N. Wood Dale Rd.
Wood Dale, IL 60191
2. *Fort McClellan - 030-17584*
U. S. Department of the Army
Colonel Stanley H. Lillie
U. S. Army Chemical School
401 MANSCEN Loop, Suite 1843
Ft. Leonard Wood, MO 65473-8926
3. *Naval Station Great Lakes*
04008306
Department of the Navy
Ms. Patricia A. Haworth
Environmental Protection Manager
Naval Sea Systems Command Detachment
Radiological Affairs Support Office (RASO)
NWS PO Drawer 260
Yorktown, VA 23691-0260
4. *Homer Laughlin - 04001957*
Homer Laughlin China Company
ATTN: Glenn Bouscher
Safety & Environmental Manager
Newell, WV 26050-1299
5. *Kaiser Aluminum - 04002377*
Kaiser Aluminum & Chemical Corp.
Mr. Bill Vinzant
Project Manager, KACC
9141 Interline Avenue, Suite 1A
Baton Rouge, LA 70809
6. *NWI Breckenridge - 04006264*
NWI Land Management
Mr. John Hock
Environmental Project Manager
3041 Woodcreek Drive, Suite 210
Downers Grove, IL 60515
7. *Royersford Wastewater Treatment*
Facility (No Doc. #)
No. On ADAMS 03020934 37-23341-01
Waste Water Treatment Facility
Dale Jakoby, Superintendent
Borough of Royersford
300 Main Street
P. O. Box 188
Royersford, PA 19468
8. *Salmon River - 04003400*
Orval and Antonia Baird
P.O. Box 87
Tendoy, ID 83468
9. *Formerly Superior Steel - No Doc. #*
Superbolt, Inc.
Robert Steinbock, President
1000 Gregg St

Carnegie, PA 15106

10. UNC Naval Products - 07000371

*UNC Naval Products
Alan Jarman, Property Manager
71 Shelton Avenue
P.O. Box 8538
New Haven, CT 06531*

11. Union Carbide Corp. - 04007044

*UCAR Carbon Company, Inc.
ATTN: Ms. Juanita Bursely
Manager, Environmental Protection
12900 Snow Road
Parma, OH 44130*

12. Westinghouse Electric Co. - 04003558

*Westinghouse Electric Company
ATTN: Mr. Joseph Nardi
Box 355
Pittsburgh, PA 15230-0355*