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R. Gale Schluter
Vice President
General Manager
Expendable Launch Systems

The Boeing Company
5301 Bolsa Avenue MC H014-C411
Huntington Beach CA 92647-2093

FAA 00-7953-28

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October 23, 2002

Ms. Patricia G. Smith
Associate Administrator for Commercial Space Transportation
Federal Aviation Administration
Room 331, AST-1
800 Independence Avenue SW
Washington DC 20591



Subject: Boeing Proprietary Cost Impact Analysis in Response to SNPRM on Licensing and Safety Requirements (Docket No. FAA-2000-7953; Notice No. 02-12)

Reference: Boeing Proprietary Cost Impact Analysis in Response to NPRM on Licensing and Safety Requirements (Docket No. FAA-2000-7953) dated 20 April, 2001

Ratti
Dear Ms. ~~Smith~~:

As requested by the FAA in the SNPRM, Boeing is submitting the enclosed cost impact analysis that documents the cost of compliance with the regulations presented by the FAA/AST collectively in the NPRM and SNPRM. The FAA/AST's cost estimate in the SNPRM was estimated to be \$700,000. We cannot concur with that assessment.

Less than 20% of the total industry comments were responded to in the SNPRM. These very detailed requirements, if enforced, could cause us to perform an extensive and costly redesign to our flight termination, ordnance, and guidance systems. They could also result in a complete change to our analysis process, and add major effort to our launch site operations.

Boeing recognizes the FAA/AST's efforts to address the issues that were raised during the NPRM submission, and in particular, the efforts associated with 'grandfathering'. We are concerned with the FAA's approach to grandfathering because many of our detailed approvals by the range have not been formally documented, many of our Delta IV configurations will not be licensed within the time limits set forth in the SNPRM for grandfathering, and grandfathering status can be denied whenever future changes are made to the launch vehicle. Furthermore, the applicability of grandfathering needs to be expanded to include launch vehicle systems, operations, documentation and analyses methods.

Boeing is concerned that redundant documentation will be required between the Ranges and the FAA. We believe that the safety review documents required by the proposed rules would result in two different safety data packages, one for commercial launches and one for government launches. While the proposed rule relative to the baseline assessment process is a positive step forward, we believe that the FAA's baseline assessment of a federal range may also result in an impact to Boeing if the ranges do not meet FAA requirements. At this time, a detailed baseline assessment compliance matrix has not even been developed.

Boeing recommends that when the final NPRM draft is complete, it be made available for another industry review and assessment. Until that time, we must remain concerned about our cost exposure in the event the new rules become enforced as documented. This letter is written in that spirit. We have updated our NPRM cost volume to include a response to all of the FAA's questions and comments in the SNPRM footnotes. We hope you will find this helpful. Our initial estimate to satisfy the proposed regulation is broken down by NPRM Section indicating non-recurring and recurring costs where possible. For the reasons stated above, our SNPRM estimate for non-recurring costs is \$239 million (was \$247 million) and for recurring cost, based on a five year projection, is \$191 million (was \$222 million).

Please note that all the information marked Proprietary which is being provided to the FAA regarding the NPRM and SNPRM is being voluntarily submitted and is information that the company would customarily not release to the public. The information is sensitive and the release of this information would likely cause substantial competitive harm to us.

We specifically request that all proprietary information NOT be placed in the public docket but rather that the FAA safeguard the information and place it in a docket/file to which there is no public disclosure or access.

Should the FAA or DOT receive a FOIA request for any or all of the company's proprietary information submitted in response to subject NPRM, we expect that DOT procedures set forth in 49 CFR Part 7 will be followed and that we will be given the maximum days of notice in order to respond to the FOIA request and to pursue the legal rights and remedies to protect this information.

Ms. Patricia G. Smith
April 20, 2001
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Commercial Space is critical to U.S. National Security and the role of the FAA is crucial to the U.S. launch industry. I hope you will give serious consideration to this analysis and the other industry comments which have been submitted in response to the NPRM and SNPRM.

Sincerely,

A handwritten signature in black ink, appearing to read "Gale Schlutz". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Encl: Updated Boeing Proprietary Cost Impact Analysis

cc: Ms. Laura Montgomery, FAA/AGC-200
Mr. Michael Dook, FAA/AST-200