



ALARON CORPORATION

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John D. Kinneman
Chief, Nuclear Materials Safety Branch
U.S. Nuclear Regulatory Commission
Region 1
475 Allendale Road
King of Prussia, Pennsylvania 19406-1475

Q-5

Re: Clarification on Fee Category for SNM Increase

Dear Mr. Kinneman:

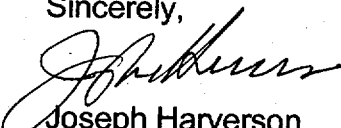
Thanks to you and Betsy Ullrich for considering our August request. We spent some time looking over our SNM history, Envirocare's exemption, and Waste Control Specialists' exemption and have reconsidered our needs. While all of the SNM-containing material we have received to date is less than Envirocare's exemption concentrations and much less than Waste Control Specialists' exemption concentrations, it would appear that for the market size we can anticipate, a simple increase in SNM license limit would be the most straightforward approach.

Before we proceed with an amendment request can you clarify the possibilities and fees? It would appear that we could be licensed for up to 700 grams U-235 SNM without criticality monitoring and emergency evacuation plans. We do not anticipate a market that would require plutonium in excess of our current 10 gram limit. Reflectors or moderators of graphite, beryllium or heavy water will not be used.

Question 1 Does 10 CFR 70.24 require criticality monitoring when total SNM exceeds 450 grams but is less than 700 grams if we continue to limit plutonium SNM to less than 10 grams and commit to a U-233 limit of 1 gram?

Question 2 If we apply for this amount (or any SNM total over 350 grams) will we be subject to a higher application fee and annual fees than our current 1D category?

Sincerely,


Joseph Harverson
President

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