



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

NOV 19 1981



Docket No. 70-687

MEMORANDUM FOR: Files

FROM: William O. Miller, Chief, License Fee Management Branch, ADM

SUBJECT: FEE CATEGORY ASSIGNMENT FOR LICENSE SNM-639 - UNION CARBIDE CORP.

In a letter dated November 5, 1980, the License Fee Management Branch notified Union Carbide Corp. (UCC) that, concurrent with the issuance of Amendment 3 to License SNM-639 on March 26, 1979, the fee category for the subject license should have been changed from 1G to 1D. Amendment 3 had increased the possession limit of authorized unsealed U-235 from 4.6 kgs to 13 kgs, for use in activities other than fuel processing and fabrication. Though UCC has paid the correct fees for amendments issued since March 26, 1979, we informed them in our November 5 letter that additional fees for health and safety and safeguards inspections were due.

UCC responded to our letter on December 2, 1980, and informed us that, because a January 30, 1979 safeguards amendment (MPP-3) restricted the quantity of unirradiated U-235 they could possess and use to less than 5 kgs, they should not be assessed fees under fee Category 1D. As a result of UCC's letter, we sent a memorandum to Lee Rouse, FCMS, on January 2, 1981, which requested the licensing branch's assistance in determining the actual quantity of U-235 that UCC is allowed to possess and use and, the applicability of fee Category 1D to License SNM-639.

In Rouse's April 23, 1981 response to our memorandum, he confirmed that, while License SNM-639 authorizes a total possession limit of 13 kgs of high enriched uranium (HEU), Safeguards Amendment MPP-3 does limit the quantity of U-235 as HEU in unirradiated form to less than 5 kgs. However, he further informed us that, even though UCC could only possess and use a quantity of less than 5 kgs of unirradiated U-235, the license authorized the processing of irradiated U-235 fuel targets (up to 8 kgs) in the hot cells. (Note: Safeguards physical protection requirements of \$73.50 do not apply to UCC's irradiated target material, but only to the "less than 5 kgs of unirradiated U-235," per Safeguards' January 30, 1979 amendment).

In reviewing UCC's license from a license fee standpoint, Mr. Rouse said there may be a unique situation with respect to the fee category assignment. From the viewpoint of radiological, criticality and environmental matters (health and safety issues), Mr. Rouse stated that the license is clearly in fee Category 1D. On the other hand, from a safeguards licensing and inspection aspect, he indicated that the fee category may more closely approach 1G. In a February 13, 1981 memorandum from George McCorkle to Lee Rouse, Mr. McCorkle

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stated that he believed the safeguards Amendment MPP-3 bars UCC from activities normally conducted by licensees subject to fees under fee Category 1D and that a reduction below the 1D rate would seem appropriate.

In considering the information provided by Messrs. Rouse and McCorkle, License SNM-639 had been properly classified in fee Category 1D. Fee Category 1D is applicable because the license permits the use of 5 kgs or more of U-235 (combined total of irradiated and unirradiated SNM) in unsealed form in activities other than fuel processing or fabrication.

Based on an October 9, 1981 telephone conversation between Robert Fonner, ELD, and Allen Cabell, LFMB, Mr. Fonner recommended that we consider granting an exception to fee Category 1D for UCC's safeguards activities, based on the restriction imposed by Amendment MPP-3. We propose, therefore, to charge a lesser fee for safeguards inspections of activities under License SNM-639. The 1979 safeguards inspections for the subject license required a total of 82 professional staff hours on site.

In view of the foregoing, and pursuant to Section 170.11(b)(1), we hereby waive the safeguards inspection fees (\$11,200) assessed for License SNM-639 under fee Category 1D, and have determined that the safeguards inspection charges for the subject license should be based on the fee prescribed in fee Category 1G. Fee Category 1G is applicable to licenses covering 350 grams to less than 5 kg of U-235 and specifies a safeguards inspection fee of \$4,000 at a frequency of 1 per year.

We will notify the Controller's office to cancel Invoice 0227N (\$11,200) for the 1979 safeguards inspections, since UCC has already paid the maximum safeguards inspection fee (\$4,000) under fee Category 1G. The 1979 and 1980 safety inspection fees (\$9,800) charged for under fee Category 1D and requested by Invoice 0228N remain due and payable.

*W. O. Miller*

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