

FEB 24 1988.

MEMORANDUM FOR: Files

FROM: C. James Holloway, Jr., Chief  
License Fee Management Branch, ARM/DAF

SUBJECT: APPLICABILITY OF THE EXEMPTION PROVISIONS  
OF §170.11(A)(3) TO MATERIALS LICENSES  
ISSUED TO PART 50 LICENSEES

The exemption in §170.11(a)(3) applies to:

1. Materials licenses which are issued prior to the reactor operating license, and which authorize the use of byproduct, source, or special nuclear material in activities such as reactor start-up, calibration of instrumentation and monitoring equipment, storage of SNM for use as fuel in the reactor, and for use as fission detectors; and
2. Materials licenses issued to Part 50 licensees for possession of byproduct, source, or special nuclear material for decontamination, inspection, repair, modification and testing of their reactor plant components and equipment at off-site locations.

In a February 10, 1988 telephone conversation with Glenda Jackson, Mike McCann of the Region III Licensing staff confirmed that the activities listed in Item 2 above are not covered by the Part 50 licenses because they are conducted off-site, and, therefore, separate licenses are issued under Parts 30, 40, and 70. These licenses meet the criteria for §170.11(a)(3) since the activities authorized are "incidental to the operation of a production or utilization facility licensed under Part 50....."

Signed by:  
C. James Holloway, Jr.

C. James Holloway, Jr., Chief  
License Fee Management Branch  
Division of Accounting and Finance  
Office of Administration and  
Resources Management

B912010088 B91129  
PDR PR  
170 MISC FDR

OFFICE: ARM/LFMB  
SURNAME: GJackson:rej  
DATE: 2/16/88

OGCT  
RSmith  
2/22/88

ARM/DFMB  
CSHolloway  
2/23/88

As a reflection of current practice, I see no legal  
basis for the decision to interpret the cited