



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 25, 1994

Mr. John Munsey
Rt. 5 Box 106
Grundy, Virginia 24614

Gentlemen:

This is in response to your letter dated July 30, 1994, requesting relief from the \$1,500 inspection fee (Invoice MM1292-94) assessed for the inspection conducted on March 9, 1994, of activities authorized by your License 45-25045-01.

You state that upon arrival you informed the inspector that you would not be renewing your License, and that he explained the procedure you should follow for disposing of your nuclear materials gauge. You further contend that because no actual inspection took place you do not owe the amount of Invoice MM1292-94.

The site visit by the inspector was warranted since the NRC is obligated by the Atomic Energy Act of 1954, as amended, to determine that licensed radioactive material is used in a manner which protects the public and licensee. This can only be accomplished by the Commission's ongoing inspection program. Whether or not a licensee is actually conducting operations using the material is a matter of licensee discretion. The NRC does not control whether a licensee elects to possess and use radioactive material once it receives a license. As part of the conditions of having a license you are subject to these inspections and 10 CFR 170 requires that fees be assessed for the inspection of your licensed program. The fee is based on the Commission's average cost of conducting inspections of licensed activities for all licensees in fee Category 3P. The cost of the inspection includes time spent in preparing for the inspection, the on-site inspection effort, and documenting the inspection result. Many hundreds of licensees with radioactivity programs similar to yours are classified in fee Category 3P and are assessed the same inspection fee.

The inspection was valid and Invoice MM1292-94 for \$1,500 was properly assessed. In accordance with 10 CFR 15.37 I will waive interest, administrative and penalty charges if the \$1,500 is paid within 30 days of the date of this letter.

Sincerely,

Ronald M. Scroggins
Deputy Chief Financial
Officer/Controller