

**ENCLOSURE XX
INSPECTION RECORD**

Region I License No. General
Inspection Report No. 2003-003 Docket No. 999-90001
Licensee (Name & Address): International Communication Materials, Inc. (ICMI)
(also known as Nu-Kote) 119 ICMI Road Connellsville, Pa 15425
Location (Authorized Site) Being Inspected: Connellsville, Pa

Licensee Contact: Dianna L. Roebuck, Telephone No. 724-628-1014
Manager Human Resources
Priority: N/A Program Code: N/A

Date of Last Inspection: N/A

Date of This Inspection: June 19, 2003 on site (Previous telephone discussions May 15 & 16, 2003 and an e-mail on May 19, 2003)

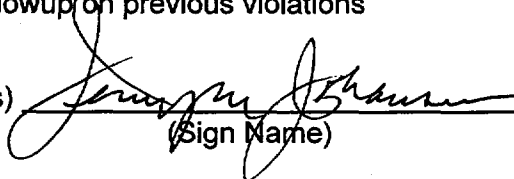
Next Inspection Date: N/A

Justification for change in normal inspection frequency:

Summary of Findings and Actions:

- () No violations cited, clear U.S. Nuclear Regulatory Commission (NRC) Form 591 or regional letter issued.
() Non-cited violations (NCVs)
() Violation(s), Form 591 issued
(x) Violation(s), regional letter issued
() Followup on previous violations

Inspector(s)


(Sign Name)

Date:

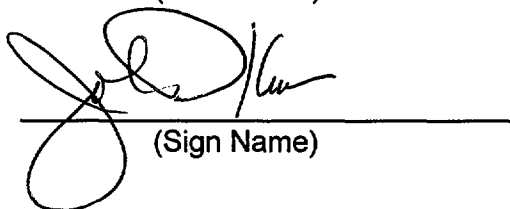
Oct 17, 2003

Jenny M. Johansen
(Print Name)

Date:

10/17/03

Approved


(Sign Name)

Date:

10/18/2003

PART I-LICENSE, INSPECTION, INCIDENT/EVENT, AND ENFORCEMENT HISTORY

1. AMENDMENTS AND PROGRAM CHANGES:

(License amendments issued since last inspection, or program changes noted in the license)

AMENDMENT NO. N/A

DATE:

SUBJECT:

2. INSPECTION AND ENFORCEMENT HISTORY:

(Unresolved issues; previous and repeat violations; Confirmatory Action Letters; and orders)

N/A

3. INCIDENT/EVENT HISTORY:

(List any incidents, or events reported to NRC since the last inspection. Citing "None" indicates that regional event logs, event files, and the licensing file have no evidence of any incidents or events since the last inspection.)

None

PART II - INSPECTION DOCUMENTATION

The inspection documentation part is to be used by the inspector to assist with the performance of the inspection. Note that not all areas indicated in the applicable inspection procedure(s) are required to be addressed during each inspection.

All areas covered during the inspection should be listed in Section 2. In addition, the types of records that were reviewed and the time periods covered by those records should be noted. For any violations identified, Section 4 should state the requirement, how and when the licensee violated the requirement, and the licensee's proposed corrective actions. For an NCV, indicate why the violation was not cited. Attach copies of all licensee documents and records that are needed to support violations.

1. ORGANIZATION AND SCOPE OF PROGRAM:

(Management organizational structure; authorized locations of use, including field offices and temporary job sites; type, quantity, and frequency of material use; staff size; delegation of authority)

International Communications Materials, Inc. (ICMI) (Nu-Kote) Connellsville, PA, manufactures toner for copying machines and is a general licensee. They possess 3 GL gauges installed by Kay-Ray / Sensall on August 19, 1997. Each of these Model 7062B gauges (Serial Nos. S96M1001, S96M1009, and S96M1010) contains 25 millicuries of cesium-137. They also possess 1 Kay-Ray/Sensall Model 7062B gauge (Serial No. S96C0115) containing 10 millicuries of Cesium-137 which is secured in a shipping container. The gauge in the shipping container came from the NUKote site in Derry, PA.

Mr. Stuart Gosford, Materials/Finance Manager is in charge of the gauge usage at Connellsville. Dianna L. Roebuck, Manager, Human Resources also has safety oversight responsibilities. George Skvington is VP and General Manager.

2. INSPECTION SCOPE:

INSPECTION PROCEDURE(S) USED: 87124

INSPECTION FOCUS AREAS: 02.01, 02.02, 02.03, 02.07

SCOPE:

Background

In 1996, Kay-Ray/Sensall, an Agreement State licensee authorized to manufacture and distribute generally licensed gauges, sold and transferred to Nu-Kote, 1 Imaging Lane, Derry, PA (Nu-Kote), six Kay-Ray/Sensall Model 7062B gauges, each gauge containing 10 millicuries (mCi) of cesium-137.

The Nu-Kote facility in Derry was shutdown due to financial difficulties in the 1997-1998 time frame. The sale of the equipment was handled by a Management Consulting Group. Two gauges (Serial Nos. S96F1211 and S97F1212) were sold to Color Imaging, Norcross, GA, three gauges (Serial Nos S96F1209, S96F1213 and S96C0115) were sold to Turbon International, York, PA (Turbon) and the remaining gauge (Serial No. S96F1210) was transferred to (Nu-Kote) International Communication Materials, Inc.(ICMI), Connellsville, PA. Nu-Kote (ICMI) no longer has any facilities in Derry, PA.

A safety inspection performed at Turbon and Coates Electro graphics on April 29, 2003 through June 9, 2003 determined that Turbon 1160 Fahs Street, York, PA received the three gages attached to equipment. The equipment and gauges were installed in the building where its toner division operated at 1160A Fahs Street, which is behind 1160 Fahs Street. The equipment was not installed by Kay-Ray/Senall or any other individual licensed to install gauges. On June 1, 2001, Turbon sold its toner division with equipment, including three Kay-Ray/Sensall Model 7062B gauges and leased the building at 110A Fahs Street to Coates Electrographics (See Inspection Report 99990001/2003001, ML031150130). Coates Electrographics disposed of the three gauges on May 15, 2003, through transfer to Thermo Measure Tech, an Agreement State Licensee. NRC contacted a representative of Color Imaging by telephone on May 15, 2003, and determined they still possessed the gauges received from the NU-Kote Derry, PA site. The inspector informed the Color Imaging representative to contact the State of Georgia to assure that the gauges were properly registered. The representative agreed to contact the State of Georgia. As a follow-up the State of Georgia was notified on September 22, 2003, that Color Imaging possessed the two Kay-Ray/Sensall Model 7062B gauges (Serial Nos. S96F1211 and S97F1212).

Current Inspection

In order to account for the gauge transferred from the Nu-Kote Derry, PA site to the Connellsville, PA site the NRC had telephone discussions with a NuKote representative on May 15 & 16, 2003 and an e-mail on May 19, 2003. It was decided to perform an on-site safety inspection at International Communications Materials, Inc. (ICMI) (Nukote) Connellsville, PA, on June 19, 2003 to verify the transfer and inspect the licensees generally licensed gauge program.

The licensee possessed one gauge which was stored in a mechanical room. This was according to its label a Kay-Ray/Sensall Model 7062B gauge (Serial No. S96C0115) containing 10 millicuries of Cesium-137. This gauge was transferred from Derry, Pa when that facility was shut down. It has never been installed at the Connellsville site. The gauge was bolted with the shutter towards the floor in a Kay-Ray gauge shipping container so it could not be easily be removed. The inspector could not move the shipping container due to the weight of the gauge. The Materials/Finance Manager was able to tip the container so a survey could be performed. The gauge shutter was locked as determined by the inspector's survey.

The Materials/Finance Manager found a memo (See attached) dated 10 Nov 97 in his gauge files that outlined the steps to be taken to remove the Kay-Ray/Sensall gauge from the Derry,

Upon return to the Region I office on June 25, 2003, inspector reviewed the attached Report of Proposed Activities in Non-Agreement States (NRC Form 241) filed in 1997 by Beitzel Corp. Beitzel held Maryland License No MD-23-006-01 which authorizes Beitzel to install, relocate, survey, package for return to manufacturer after accident or decommissioning, and perform tests for leakage and/or contamination upon Kay-Ray Model 7062B gauges. The inspector contacted LaVern Maust, Radiation Safety Officer of Beitzel Corp. He stated that to his best recollection only one gauge was removed and packaged for shipment on November 20-21, 1997. Beitzel did not receive a call back to install the gauge at the Connellsville site. Beitzel was not involved with removal of any other gauges from the Derry, Pa site. In a follow-up telephone conversation on September 22, 2003, Ms Diana L Roebuck stated that ICMI had contacted Thermo Measure Tech and was going to transfer the one gauge [Kay-Ray/Sensall Model 7062B gauge (Serial No. S96C0115) containing 10 millicuries of Cesium-137] to them for disposal.

3. INDEPENDENT AND CONFIRMATORY MEASUREMENTS:

(Areas surveyed, both restricted and unrestricted, and measurements made; comparison of data with licensee's results and regulations; and instrument type and calibration date.)

The surface radiation levels of the three on-line gauges were 3.5 to 8mR/hr. These measurements are close to the licensee's record of the radiation levels on the gauges at time of installation (See attached survey records). The surface radiation levels of the gauge in the shipping container in storage were 1.5 to 2.3 mr./hr. The inspector performed the surveys with an Eberline E-120 survey meter, NRC No. 23166G, calibrated 9/10/02.

4. VIOLATIONS, NCVs, AND OTHER SAFETY ISSUES:

(State requirement and how and when licensee violated the requirement. For NCVs, indicate why the violation was not cited. Attach copies of all licensee documents needed to support violations.)

Two apparent violations of 10 CFR 31.5 were identified which apply to ICMI (Nukote) regarding: (1) the removal from installation of five gauges containing cesium-137 from their Derry, PA facility without appropriate authorization, and, (2) the transfer of two of the gauges to Color Imaging and three of the gauges to Turbon International without a general or specific license authorizing such transfer. These violations occurred during the 1997-1998 time period

5. PERSONNEL CONTACTED:

[Identify licensee personnel contacted during the inspection (including those individuals contacted by telephone).]

Use the following identification symbols:

Individual(s) present at entrance meeting

* Individual(s) present at exit meeting

*#Dianna L. Roebuck, Manager, Human Resources

* Mr. Stuart Gosford, Materials/Finance Manager

[Dianna L. Roebuck was contacted by telephone May 15 and 16, 2003 and she e-mailed information to the inspector on May 19, 2003. A follow-up telephone conversation occurred on September 22, 2003]

LaVern Maust, Radiation Safety Officer, Beitzel Corporation via telephone June 25, 2003

State of Georgia was contacted on September 22, 2003.