



RECEIVED
REGION 1

2003 NOV 28 PM 1:33

Wednesday, November 26, 2003

License No. 37-30804-02

John Kinneman, Chief
Division of Nuclear Materials Safety
Nuclear Regulatory Commission
Region 1
475 Allendale Rd.
King of Prussia, PA 19406-1415

SUBJECT: INSPECTION 03036239/2003001, CFC LOGISTICS, INC.
QUAKERTOWN, PA

Dear John,

This letter is in response to your letter of November 4, 2003 (Docket No. 03036239) regarding the findings of the safety inspection.

Although there were no violations identified, you brought up the need for us to enhance our implementation and adherence to required procedures as outlined in our license. Specifically, your inspectors refer to a situation where, prior to arrival of the sealed Cobalt-60 sources, our staff temporarily removed a check valve and replaced it with a plug to test the plenum, and then replaced the check valve again in accordance with the license.

During the time period of approximately six weeks after the license had been issued and before the arrival of Cobalt-60, there were several team members (contract engineers) frequently on-site involved in daily testing and fine-tuning of the equipment operation. We recognize that the particular change they made with the check valve, (even though there was no cobalt on site at the time and it had no bearing on the safety of the operation) should have been done only after notification and authorization by the NRC, since it technically involved a "change in the plenum".

As a result, the following actions have been taken to ensure the continued strict adherence to the approved procedures:

- 1) **Review of License.** The license was read through in a group meeting that included all employees, contract engineers, and consultants who have been

involved in the design and installation of the equipment, in order to ensure that each person has a clear understanding of the specific license requirements. It was also communicated to each person the serious nature of the license requirements and controls that must be followed at all times.

- 2) **Communication protocol.** All staff and contractors that had been working on the Genesis equipment have been advised that there are to be no changes in any aspect of the Genesis unit, no matter how insignificant it may seem to them, without explicit approval of the RSO. The RSO can then determine whether that change warrants NRC notification.
- 3) **Emphasis on organizational structure.** All consultants and contract engineers have been advised that the Operators on the floor are the “gatekeepers” for any ideas for changes or adjustments. All ideas for changes and adjustments from contract engineers or consultants, no matter how insignificant, must be brought to the attention of the Operators first, and then to the RSO for approval. It was made explicitly clear the RSO is the final authority and ultimately responsible for compliance to the license.
- 4) **Documentation.** With the appropriate protocol for lines of communications followed, the RSO will ensure that all documentation can be filed as needed.

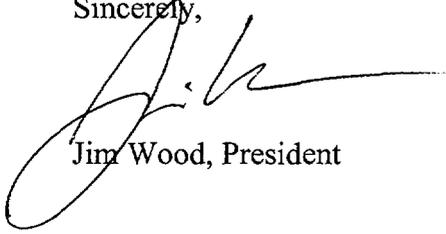
I must also note that since the equipment construction has been completed and is now operational with the Cobalt-60 installed, there are no longer contract engineers or consultants on the premises.

In addition to the steps outlined above, our management recently conducted an internal audit of the entire system. We also intend to perform a formal third-party audit in the near future in order to ensure the continued adherence to the detail of our license requirements.

I have complete confidence in our RSO and Operators regarding their concern for maintaining the integrity of the license at all times, and will assure the NRC that our staff will take every measure to maintain strict adherence.

Please do not hesitate to call if there are any further questions on this matter.

Sincerely,



Jim Wood, President