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JAMES W. HOLSINGER, JR., M.D.  
SECRETARY

To: Lohaus, STP

April 21, 2005

Martin J. Virgilio  
Deputy Executive Director  
Material, Research, and State Programs  
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Dear Mr. Virgilio:

This is in response to your letter dated October 26, 2004, regarding the Management Review Board Meeting for the Kentucky Integrated Materials Performance Evaluation Program (IMPEP) Report. Mr. Johnson expressed his appreciation with the opportunity to meet with the MRB members and the IMPEP Review team on October 12, 2004 to discuss the details of the final report and the recommendations. We have reviewed the final report and have no further comments. The Department has evaluated the seven (7) recommendations identified in Section 5.0, page 18 of the final report, and Kentucky will make every effort to address the recommendations in a timely manner. The response to the NRC recommendations for the Kentucky IMPEP Review of July 2004 are as follows:

**Recommendation #1 [Section 3.2]**

The team recommends that the Branch upgrade their database so that all relevant license data is incorporated and maintained to ensure that inspections can be scheduled and performed in accordance with MC 2800. (Section 3.2)

**Response:**

The Branch already had an effort underway to upgrade the existing data base. The data needed and maintained will be reviewed and incorporated in upgrades to ensure that inspections can be scheduled and performed in accordance with the requirements of MC 2800. This inclusion of data for upgrades will be defined before July 2005 and incorporated into change plans by December 2005.

**Recommendation #2 [Section 3.4]**

The review team recommends the Branch identify those licensees who require financial assurance and take appropriate action to have them comply with the Commonwealth's decommissioning and financial assurance requirements. (Section 3.4)

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**Response:**

License review to determine financial assurance will be conducted in the 2<sup>nd</sup> Quarter of 2005. Action to capture licensee compliance with the Commonwealth's decommissioning and Financial Assurance requirements will be completed by the end of the 3<sup>rd</sup> Quarter 2005.

**Recommendation #3 [Section 3.5]**

The review team recommends the Branch document incident and allegation responses in accordance with its procedures and provide training on their procedures to all technical staff.

**Response:**

The supervisor for the Radioactive Materials has been directed to use the procedures for response to incidents and allegations. Training on incidents and allegations is scheduled for all technical staff on Wednesday, May 4, 2005.

**Recommendation #4 [Section 4.2.1]**

The review team recommends that the Branch establish, implement and document a training program for SS&D reviewers. (Section 4.2.1)

**Response:**

The Department is currently evaluating manpower requirements and considering turning the SS&D program back over to the NRC. If the decision is made to retain authority over SS&Ds, the Commonwealth will implement and develop a training program for SS&D reviewers by the end of the 4<sup>th</sup> Quarter 2005.

**Recommendation #5 [Section 4.2.2]**

The review team recommends that the registration certificate evaluation criteria and document format be consistent with NUREG 1156, Volume 3. (Section 4.2.2)

**Response:**

The Department is currently evaluating manpower requirements and considering turning the SS&D program back over to the NRC. If the decision is made to retain authority over SS&Ds, the Commonwealth will develop a registration certificate evaluation and document format consistent with NUREG 1556, Volume 3 by the end of the 4<sup>th</sup> Quarter 2005.

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**Recommendation #6 [Section 4.2.2]**

The review team recommends that the Branch review and determine the status of SS&D registrations issued to non-Kentucky manufacturers and take appropriate action to either update or inactivate the registration certificates. (Section 4.2.2)

**Response:**

Kentucky has determined SS&Ds issued to manufacturers who no longer are in Kentucky have been reviewed by current states in which they now reside. SS&Ds previously issued to these manufacturer will be inactivated by the end of the 2<sup>nd</sup> Quarter 2005.

**Recommendation #7 [Section 4.2.3]**

The review team recommends that the Branch implement an enforceable mechanism (e.g., rule or license condition) to have the manufacturers report defects, deviations, or non-conformance and document follow-up actions.

**Response**

License conditions are being developed and will be implemented by the end of the 3<sup>rd</sup> Quarter 2005 to require manufacturers to report defects, deviations, or non-conformance of safety related system, structures or components and documentations of such actions by the Commonwealth.

We appreciate the professionalism and dedication that the IMPEP Review team demonstrated while in the review process in Kentucky, and the courtesy extended to Mr. Johnson by the MRB team at the meeting. Kentucky continues to support program improvement and will make all effort to ensure its material program retains a status of adequate and compatible with the U. S. Regulatory Commission's program. Thank you for recognizing the staffs hard work and dedication in your evaluation.

Should you require anything further, please feel free to contact me at (502) 564-3970 or Robert Johnson at (502) 564-3700.

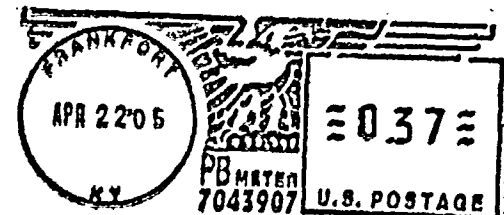
Sincerely,



William D. Hacker, MD, FAAP, CPE  
Commissioner

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