



R&M ENGINEERING, INC.

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October 25, 2007

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555-0001

Re: Docket No. 030-22284
License No. 50-23509-01
REPLY TO NOTICE OF VIOLATION

Ladies and Gentlemen:

Per the Nuclear Regulatory Commission (NRC) Notice of Violation Docket No. 030-22284, R&M Engineering, Inc. (R&M) is providing this correspondence as a reply to the notice of violation. Based on NRC's inspection and investigation conducted from September 28, 2006 through August 29, 2007, two violations of NRC requirements were identified. We will restate each violation and then provide a reply to the 4 requested questions for each violation.

VIOLATION A. 10 CFR 30.9 (a) requires, in part, that information provided to the commission by the licensee be complete and accurate in all material respects. Contrary to the above, the licensee did not provide to the commission information that was complete and accurate in all material respects. Specifically, in a letter dated October 24, 2006, in response to NRC's letter dated September 28, 2006, requesting additional information concerning two transportation events, the licensee did not provide accurate information on two issues. First, the licensee stated that the gauge that was temporarily lost on August 19, 2006 was locked inside its transportation case. However, the NRC later determined that the transportation case was not locked when the gauge was lost. Secondly, the licensee stated that an employee transported a portable gauge in its transportation case to a restaurant, and upon arriving at the restaurant, removed the gauge from its case and stored it in the cab of the truck. NRC later determined that the gauge was transported in the cab of the truck without a transportation case as the employee drove to and from the restaurant. The information provided by the licensee in both examples was material because it does not accurately portray the significance and severity of both transportation events.

1. The reason for the violation.

Reply: The reason for this violation is a misunderstanding of the information provided to the writer when interviewing the gauge operators who were involved in each of these incidents and not a thorough of enough investigation. We apologize to the NRC for not providing complete and accurate information to the NRC on this matter and do take the transportation events seriously as demonstrated in our working with NRC on making corrections to our program. There was no wrongful intent by R&M in this matter, just poor communication and investigation.

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2. The corrective steps that have been taken and the results achieved.

Reply: We hope that R&M never has another incident occur that requires NRC investigation or enforcement. If we do and it involves interviewing personnel and those with knowledge of the case we will have management perform an overview of the information and facts gathered prior to release to the NRC. Again our company goal is to operate in conformance with NRC regulations and not be in a position where we are interviewing staff, public etc. on an incident. If an event occurs in which we need to perform interviews etc. we will consider hiring an outside agency to review our facts or assist in the fact gathering on the matter.

3. The corrective steps that will be taken to avoid further violations.

Reply: Again this violation has to do with completeness and accuracy of the information in the alleged violations reported to NRC by R&M. Corrective steps that will be taken to avoid future violations are more thorough and complete investigation of the facts. We list possible corrective actions in the previous paragraph.

4. The date when full compliance will be achieved.

Reply: Full compliance is achieved as of this writing for this violation.

VIOLATION B. The licensee failed to transport a portable gauge in the appropriate U.S. Department of Transportation Type A package. This failure was identified as a violation of 10 CFR 71.50(a), 49 CFR 171.2(e), 49 CFR 173.415(a) and

1. The reason for the violation.

Reply: The reason for the violation is the temporary R&M gauge user did not follow NRC regulations when transporting a portable density gauge on a public highway. The R&M employee was trying to defog the gauge face dial by placing it in the cab of the pickup truck where heat from the truck heater could defog the dial while driving from the job site to the restaurant. The gauge transportation case was in the bed of the truck.

2. The corrective steps that have been taken and the results achieved.

Reply: Please see attached R&M Corrective Action Summary prepared for the violations imposed against us. The results are that all R&M portable gauge users are transporting the portable gauges in accordance to NRC regulations.

3. The corrective steps that will be taken to avoid further violations.

Reply: Again reference is made to the attached R&M Corrective Action Summary which details various steps that will be taken to avoid future violations.

4. The date when full compliance will be achieved.

Reply: R&M implemented corrective actions in September/October 2006 with respect to the vehicle blocking/bracing system, and the two independent physical controls forming in intangible barrier. We have been operating in full compliance with NRC regulations since mid-October 2006.

In closing R&M has acknowledged the violations listed and has made corrective actions to its program to increase the employee's awareness of the importance of operating and transporting the portable gauges in conformance with NRC regulations to ensure the public's safety is met.

Should you have questions concerning this correspondence, please do not hesitate to contact me at your convenience.

Sincerely,

R&M ENGINEERING, INC.



J. Mark Pusich, P.E., R.S.O.
Vice President

Attachment

Xc: Regional Administrator
U.S. Nuclear Regulatory Commission, Region IV
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-4005

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NRC CORRECTIVE ACTION SUMMARY

for

R&M Engineering, Inc. Juneau, Alaska

The following is a summary of corrective actions R&M Engineering has taken in its use of portable density gauges as a result of the apparent violations noted by NRC in the September 17, 2007 NRC Inspection Report. R&M feels corrective actions were performed promptly and comprehensively to ensure full compliance with NRC regulations once the apparent violations was identified. We have improved the safety and security of our program by taking the following action:

1. R&M has dedicated three company vehicles to transport portable gauges to and from project sites from our Juneau office. Each vehicle is equipped with a new pressure treated timber bracing and blocking system to prevent movement of the portable gauge transport case while the vehicle is in transit. Each vehicle is equipped with two independent physical controls to perform tangible barriers per NRC requirements (galvanized chain and key locks that are secured to the bed of the trucks). This was implemented in September 2006. In addition the RSO instructed and witnessed individual gauge users loading the transportation case into the vehicle with proper blocking, bracing and physical constraints.
2. Increased management oversight and quality control of the program. This is performed through management making unannounced inspection visits to witness R&M gauge users operating portable gauges. A log book has been set up that documents the date, time, project, gauge operator and specific observations made while inspecting (i.e, is the operator in direct line of sight of the gauge). Any deficiencies are brought to the operators attention immediately. RSO and management will make frequent inspection checks of company vehicles blocking/bracing/chains/locks used for transporting gauges to ensure compliance with regulatory security requirements.
3. R&M gauge operators have been instructed by the RSO to maintain 100% constant visual contact with the portable gauge at all times from the second it is checked out of the R&M locked storage closet to the time it is returned. Direct line of sight is mandatory.
4. R&M has created a transport vehicle checklist for gauge users that is placed in each R&M vehicle used to transport portable density gauges. The checklist contains the following: Is gauge handle locked? Is transportation case locked? Is the gauge transport case blocked and braced? Are there 2 independent physical controls in place? Are gauge transport papers filled out? Gauge log book signed out/in?
5. Bi-weekly meetings with gauge users to review gauge transportation requirements, gauge safety, gauge security, constant surveillance of the gauge when in use, reporting requirements etc.
6. R&M RSO and management will institute bi-annual program audits.
7. Increased training program for gauge operators on transportation, off site security requirements, storage and handling of radioactive materials.
8. Regarding handling willful and deliberate gauge users in our company we have implemented a zero tolerance policy. If any gauge users are found to be operating/transporting gauges willfully or deliberately in violation with the NRC policies they will be removed from operating R&M gauges and the dosimetry badge revoked.

In reviewing NRC Notice 96-28 it asks what the underlying root causes of the violations are. In our opinion it was related to lack of understanding of the importance of NRC regulations for transporting the gauges and the inadequate blocking/bracing with 2 independent physical controls to form tangible barriers.

In summary R&M has taken immediate corrective action to restore safety and compliance once the apparent violation was identified. R&M is a small business which has been operating for 37 years, of which 25 years have been operating portable density gauges without incident. We have had no prior significant enforcement violations or notices of violations. R&M is committed to safety and operating a NRC program that is above and beyond the minimum requirements. We feel the corrective actions will prevent any of the alleged violations from happening again and it is our company goal to see they don't.