SCHULZ ELECTRIC CO.

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September 3, 2009

U. S. Nuclear Regulatory Commission
Regional Administrator, Region I
475 Allendale Road
King of Prussia, PA 19406-1415

Subject: Reply to a Notice of Violation, NRC Inspection Report No. 03036931/2009001, Schulz Electric Radioactive Material License No. 06-31045-01, Docket No. 03036931

The reason for violation:
During an NRC inspection conducted on June 23, 2009, one violation of NRC requirements was identified. The violation was issued because Condition 13 of the Radioactive Material License (RML) limiting possession of licensed material to quantities below the minimum limit specified in 10 CFR 30.35 (d) was exceeded and financial assurance was not in place.

Condition 13 of our RML allowed Schulz Electric Company to forego providing financial assurance so long as our possession of licensed material remained below the limits specified in 10 CFR 30.35 (d). Based on the very small quantities estimated to be seen this was a justifiable and logical condition to have been placed on our RML at the onset of our application.

Over the years, our RML has been revised and amended several times with Condition 13 always being there and in the background. The quantities of all radioactive materials are closely monitored when shipping and receiving radioactive material to and from our facility.

A detailed database was developed and being maintained to track the amount of activity for each isotope onsite daily to verify compliance with Condition 8A of our license. When the database was developed, the unity calculation for a combination of isotopes was not included. This allowed the unity calculation to be neglected and not calculated on a consistent bases.

The corrective steps that have been taken and the results achieved:
Schulz Electric Company submitted a License amendment on July 17, 2009, requesting the removal of the license condition that restricts the possession of licensed material to quantities below the minimum limit specified in 10 CFR 30.35(d), 40.36(b), and 70.25(d). Submitted along with the amendment request was proper documentation for proof of Financial Assurance for Decommissioning. The amendment request and decommissioning financial assurance documentation were assigned Mail Control Numbers 143935/143936.

NMSS/RGNI MATERIALS-004

The Schulz Electric Co., 30 Gando Drive, New Haven, CT 06513, (203) 562-5811, Fax (203) 562-1082

The corrective steps that will be taken to avoid further violations:
Schulz Electric Company shall keep records of information important to the decommissioning of the facility in a decommissioning file in accordance with 10 CFR 30.35 (g) until the site is released for unrestricted use. In accordance with 10 CFR 30.35 (e), Schulz Electric's decommissioning cost estimate shall be evaluated at least every 3 years and revised to account for any changes in the costs required for decommissioning activities.

The date when full compliance will be achieved:
As of July 17, 2009, Schulz Electric certifies that financial assurance in the amount of the site-specific cost estimate has been obtained for the purpose of decommissioning as prescribed by 10 CFR Part 30.

If you have any questions concerning this request or require additional information, please do not hesitate to contact John J. Dougherty, RSO at (203) 562-5811.

Sincerely,
Schulz Electric Company

Robert Davis
President

cc: Document Control Desk
John J. Dougherty, RSO