



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

April 30, 2010

Docket No. 03037788

License No. 37-27891-02

Mark A. Fenske
Executive Vice President
System One Holding, LLC
12 Federal Street, Suite 205
Pittsburgh, PA 15212

SUBJECT: NRC INSPECTION REPORT NO. 03037788/2010001, SYSTEM ONE HOLDING, LLC, AND NOTICE OF VIOLATION

Dear Mr. Fenske:

On April 21 - 22, 2010, Randolph C. Ragland, Jr., of this office conducted a safety and security inspection at 2833 Harrison Avenue, Trenton, Michigan and at the Monroe Power Station, Monroe, Michigan of activities authorized by the above listed NRC license. The inspection was an examination of your licensed activities as they relate to radiation safety and to compliance with the Commission's regulations and the license conditions. The inspection consisted of observations by the inspector, interviews with personnel, and a selective examination of representative records. The findings of the safety inspection were discussed with Frank Kovatch, Operations Manager, and Louis Hass, Radiation Safety Officer of your organization at the conclusion of the inspection on April 28, 2010. The results of the security inspection will be documented and provided to you in separate NRC correspondence.

Based on the results of this inspection it appears that your activities were not conducted in full compliance with NRC requirements. Two violations of NRC requirements were identified and are cited in the enclosed Notice of Violation (Notice). These violations are categorized as Severity Level IV violations and are being cited because they were identified by the NRC. You are required to respond to this letter and should follow the instructions specified in the Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements. For your consideration and convenience, an excerpt from NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," is enclosed.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC document system (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

Current NRC regulations are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Academic, and Industrial Uses of Nuclear Material**; then **Regulations, Guidance, and Communications Page**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **About NRC; How We Regulate; Enforcement**; then **Enforcement Policy**. You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 7:00 a.m. to 6:30 p.m. EST, Monday through Friday (except Federal holidays).

Please contact Randolph Ragland at 610-337-5083. if you have any questions regarding this matter.

Sincerely,

Original signed by Marie Miller

Marie Miller, Chief
Security and Industrial Branch
Division of Nuclear Materials Safety

Enclosures:

1. Notice of Violation
2. NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action."

Cc w/enclosures:

Louis Hass, Radiation Safety Officer
State of Michigan

Current NRC regulations are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Academic, and Industrial Uses of Nuclear Material**; then **Regulations, Guidance, and Communications Page**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **About NRC; How We Regulate; Enforcement**; then **Enforcement Policy**. You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 7:00 a.m. to 6:30 p.m. EST, Monday through Friday (except Federal holidays).

Please contact Randolph Ragland at 610-337-5083. if you have any questions regarding this matter.

Sincerely,

Original signed by Marie Miller

Marie Miller, Chief
Security and Industrial Branch
Division of Nuclear Materials Safety

Enclosures:

- 1. Notice of Violation
- 2. NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action."

Cc w/enclosures:

Louis Hass, Radiation Safety Officer
State of Michigan
Distribution:
D. Holody, RI
A.DeFrancisco, RI
T. Bloomer, RIII

DOCUMENT NAME: G:\WordDocs\Current\Insp Letter\L37-27891-02.2010001.doc

SUNSI Review Complete: R. C. Ragland

After declaring this document "An Official Agency Record" it **will** be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy w/o attach/encl "E" = Copy w/ attach/encl "N" = No copy

OFFICE	DNMS/RI	N	DNMS/RI	DNMS/RI		
NAME	RRagland RCR		MMiller MTM			
DATE	4/29/2010		4/30/2010			

ML101230084

NOTICE OF VIOLATION

System One Holding, LLC
Pittsburgh, PA

Docket No. 03037788
License No. 37-27891-02

During an NRC inspection conducted on April 21 - 22, 2010, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. 10 CFR 30.34(c) requires, in part, that each licensee confine his possession and use of byproduct materials to the locations and purposes authorized by the license.

NRC License No. 37-27891-02, Amendment No. 1, Condition 11, authorizes licensed material to be used or stored at the licensee's facilities located at 16354 Camden, Woodhaven, Michigan, or at temporary job sites of the licensee anywhere in the United States where the U.S. Nuclear Regulatory Commission maintains jurisdiction for regulating the use of licensed material.

Contrary to the above, starting on March 1, 2010, System One Holdings did not confine the storage of licensed material to the location authorized by NRC License 37-27891-02, Amendment No. 1. Specifically, the licensee moved their permanent storage location from 16354 Camden, Woodhaven, Michigan, to 2833 Harrison, Trenton, Michigan, without obtaining a license amendment to authorize the new storage location.

This is a Severity Level IV violation (Supplement VI).

- B. 10 CFR 71.5 (a) requires, in part, that each licensee who transports licensed materials outside the site of usage or where transport is on public highways, shall comply with the applicable requirements of the U.S. Department of Transportation regulations in 49 CFR Parts 170 through 189.

49 CFR 172.602(b) requires, in part, that emergency response information required by 49 CFR 172.602(a) must be available on shipping papers, or in a document, other than shipping papers, and (c) maintained in the same manner as prescribed for shipping papers.

Contrary to the above, from September 9, 2009, to April 22, 2010, System One Holding, LLC did not maintain emergency response information required by 49 CFR 172.602(a) in its source transport vehicle located in Woodhaven, MI. Specifically, the licensee's "Radioactive Material Shipping Document for Company Vehicles," and their "Operating and Emergency Procedures" that were located in the source transport vehicle assigned to their Woodhaven, MI, facility, did not contain emergency response information required by 49 CFR 172.602 (a), during periods of time in which radioactive material sources were transported.

This is a Severity Level IV violation (Supplement IV).

Pursuant to the provisions of 10 CFR 2.201, System One Holding, LLC is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, with a copy to the Regional Administrator, Region I, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, any response which contests an enforcement action shall be submitted under oath or affirmation.

Your response will be placed in the NRC Public Document Room (PDR) and on the NRC Web site. To the extent possible, it should, therefore, not include any personal privacy, proprietary, or safeguards information so that it can be made publically available without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated This 30th day of April 2010