

July 22, 2013

EA-13-131

Mr. James P. Bell, President
ADCO Services, Inc.
17650 Duvan Dr.
Tinley Park, IL 60477

SUBJECT: NRC SPECIAL INSPECTION REPORT NO. 03007490/2013001(DNMS) –
ADCO SERVICES, INC.

Dear Mr. Bell:

On April 5, 2013, an inspector from the U.S. Nuclear Regulatory Commission (NRC) conducted a special inspection of your facility located in Tinley Park, Illinois, with continued in-office review through July 5, 2013. The purpose of this inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. The in-office review included a review of the records of the NRC licensees whose waste streams ADCO Services, Inc. had collected. A final exit meeting was held between Mr. Ed Kulzer of my staff and yourself on July 5, 2013.

During this inspection, the NRC staff examined activities conducted under your license as they relate to public health and safety, compliance with the Commission's rules and regulations, and compliance with the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violation involved the licensee's failure to appoint a qualified individual to act as the Radiation Safety Officer (RSO) for NRC Materials License No. 12-11286-01, following the departure of the RSO specifically listed in Condition 11 A. of the license.

Because the NRC has not made a final determination in this matter, the NRC is not issuing a Notice of Violation for this inspection finding at this time. The circumstances surrounding this apparent violation, the significance of the issues, and the need for lasting and effective corrective actions were discussed with you at the exit meeting on July 5, 2013.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond in writing to the apparent violation addressed in this inspection report within 30 days of the date of this letter, (2) request a Pre-decisional Enforcement Conference (PEC), or (3) request Alternative Dispute Resolution (ADR). If a PEC is held, it will be open for public observation. The NRC will issue a press release to announce the time and date of the conference. Please contact Aaron McCraw at (630) 829-9650 within 10 days of the date of this letter to notify the NRC of your intended response.

If you choose to provide a written response, it should be clearly marked as "Response to the Apparent Violation in Inspection Report No. 03007490/2013001(DNMS); EA-13-131," and should include, for the apparent violation: (1) the reason for the apparent violation, or, if contested, the basis for disputing the apparent 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 was or will be achieved. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be useful in preparing your response. You can find the information notice on the NRC's website at: <http://www.nrc.gov/reading-rm/doccollections/gen-comm/info-notices/1996/in96028.html>. Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a PEC.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on the apparent violation and any other information that you believe the NRC should take into consideration before making an enforcement decision. The topics discussed during the conference may include the following: information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned to be taken.

In lieu of a PEC, you may also request ADR with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflicts using a third party neutral. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained neutral (the "mediator") works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable neutral mediator who has no stake in the outcome and no power to make decisions. Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, be creative, find areas of agreement, and reach a final resolution of the issues. Additional information concerning the NRC's program can be obtained at <http://www.nrc.gov/about-rc/regulatory/enforcement/adr.html>. The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as a neutral third party. Please contact ICR at (877) 733-9415 within ten days of the date of this letter if you are interested in pursuing resolution of this issue through ADR.

In addition, please be advised that the number and characterization of the apparent violation described in the enclosed inspection report may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

J. Bell

-3-

In accordance with Title 10 of the Code of Federal Regulations 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response, if you choose to provide one, will be available electronically for public inspection in the NRC's Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's 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.

Please feel free to contact Mr. Edward Kulzer of my staff if you have any questions concerning this inspection. You can reach Mr. Kulzer at (630) 829-9875.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials Safety

Docket No. 030-07490
License No. 12-11266-01

Enclosure:
Inspection Report No. 03007490/2013001(DNMS)

cc w/encl: State of Illinois

J. Bell

-3-

In accordance with Title 10 of the Code of Federal Regulations 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response, if you choose to provide one, will be available electronically for public inspection in the NRC's Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's 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.

Please feel free to contact Mr. Edward Kulzer of my staff if you have any questions concerning this inspection. You can reach Mr. Kulzer at (630) 829-9875.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials Safety

Docket No. 030-07490
License No. 12-11266-01

Enclosure:
Inspection Report No. 03007490/2013001(DNMS)

cc w/encl: State of Illinois

DISTRIBUTION w/encl:
See next page

*see previous concurrence

ADAMS Accession Number: ML13203A249

DOCUMENT NAME: G:\DNMS\III\Work in progress\IR -ADCOprt.docx

Publicly Available Non-Publicly Available Sensitive Non-Sensitive

To receive a copy of this document, indicate in the concurrence box "C" = Copy without attach/encl "E" = Copy with attach/encl "N" = No copy

| | | | | | | | | |
|--------|-----------------|---|--------------|---|------------|---|--------------|---|
| OFFICE | RIII DNMS | C | RIII DNMS | C | RIII EICS | C | RIII DNMS | C |
| NAME | ELKulzer:ps*ELK | | ATMcCraw*ATM | | SKOrth*VPL | | ATBoland*ATB | |
| DATE | 07/17/13 | | 07/17/13 | | 07/18/13 | | 07/22/13 | |

OFFICIAL RECORD COPY

Letter to Mr. James P. Bell from Anne T. Boland, dated July 22, 2013.

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03007490/2013001(DNMS) –
ADCO SERVICES, INC.

DISTRIBUTION w/encl:

OCADistribution
Bill Borchardt
Michael Weber
Roy Zimmerman
Nick Hilton
Kerstun Day
Marvin Itzkowitz
Catherine Scott
Mark Satorius
Brian McDermott
Michele Burgess
Robert Sun
Daniel Holody
Carolyn Evans
Heather Gepford
Holly Harrington
Hubert Bell
Cheryl McCrary

Seth Coplin
Charles Casto
Cynthia Pederson
Anne Boland
Ann Marie Stone
Allan Barker
Harral Logaras
James Lynch
Viktoria Mitlyng
Prema Chandrathil
Patricia Lougheed
Paul Pelke
Magdalena Gryglak
Patricia Buckley
Tammy Tomczak
Aaron McCraw
MIB Inspectors
OEMAIL

**U.S. NUCLEAR REGULATORY COMMISSION
REGION III**

Docket No. 030-07490

License No. 12-11266-01

Report No. 03007490/2013001(DNMS)

EA No. EA-13-131

Licensee: ADCO Services, Inc.

Facility: 17650 Duvan Dr.
Tinley Park, Illinois

Date: April 5, 2013, with continued in-office review
through July 5, 2013

Inspector: Edward Kulzer, Health Physicist

Approved By: Aaron T. McCraw, Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Enclosure

EXECUTIVE SUMMARY

ADCO Services, Inc. NRC Inspection Report 03007490/2013001(DNMS)

This was a special inspection of ADCO Services, Inc.'s licensed activities in U.S. Nuclear Regulatory Commission (NRC) jurisdiction. The licensee is a service company located in Tinley Park, Illinois. ADCO Services Inc. operates under the authority of the NRC Materials License No. 12-11286-01.

As a result of the inspection, the NRC inspector identified one apparent violation. The apparent violation involved the licensee's failure to appoint a qualified individual to act as the Radiation Safety Officer (RSO) for NRC Materials License No. 12-11286-01, following the departure of the RSO specifically listed in Condition 11 A. of the license. The inspector determined that the cause of this apparent violation was that the licensee forgot to amend its NRC license to appoint a new RSO at the same time that it amended its State of Illinois license. The licensee's immediate corrective action included submitting a license amendment request to add a new RSO.

REPORT DETAILS

1 Program Overview

ADCO Services, Inc. is authorized under NRC Materials License No. 12-11286-01 for use of radioactive materials at customers' facilities incident to removal and packaging of industrial gauging devices and for possession of leak test analytical samples. The licensee is located in Illinois, an Agreement State, but the licensee maintains an NRC license to perform authorized services anywhere in the United States where the NRC maintains jurisdiction for regulating the use of radioactive materials. There are two authorized users listed on the ADCO Services, Inc. license: the RSO and the President of ADCO Services, Inc.

During the last NRC inspection on May 20 and June 6, 2011, the inspector identified one Severity Level IV violation. The violation involved the licensee's failure to have its NRC license amended to include the name of the new, qualified RSO that was appointed in 2009, after the previous RSO identified in Condition 11 A. of NRC Materials License No. 12-11286-01 left the company.

2 RADIATION PROTECTION PROGRAM

2.1 Inspection Scope

The inspector reviewed the licensee's radiation protection program through interviews with the company president and the individual listed as the RSO on the license. The inspector also reviewed a selection of records of waste manifests and personnel training.

2.2 Observations and Findings

On January 25, 2013, the NRC inspector received an email from the State of Illinois stating that ADCO Services, Inc.'s state license had expired and was not to be renewed. On January 28, 2013, the NRC inspector contacted ADCO Services, Inc. and talked to Mr. Bell who stated that the RSO has resigned due to health problems on June 30, 2012. The inspector informed Mr. Bell that the failure to have an RSO was contrary to Condition 11.A of NRC License No. 12-11286-01. Mr. Bell submitted a license amendment to replace the RSO on February 1, 2013.

On April 5, 2013, the inspector conducted a special inspection to review the licensee's radiation protection program and to further review the circumstances surrounding the failure to maintain an RSO. The inspector determined that ADCO Services, Inc. performed licensed activities under its NRC license between July 1, 2012, and January 31, 2013, a period of time after the individual identified as the RSO on the license had resigned. License Condition 11 A. of NRC License No. 12-11286-01, Amendment 39, specifies the individual appointed RSO for the license. That individual resigned from employment with ADCO Services, Inc. on June 30, 2012. The licensee failed to appoint a qualified individual to perform the duties of the RSO following the resignation of the RSO specifically listed on the license. This is an apparent violation of License Condition 11 A. of NRC License No. 12-11286-01, Amendment 39.

The inspector determined that the root cause of this apparent violation was that the licensee forgot to amend its NRC License at the same time that it amended its State of Illinois license. The licensee's immediate corrective action included submitting a license amendment request to add a new RSO.

2.3 Conclusions

The inspector identified an apparent violation in which the licensee failed to seek a license amendment to name a new RSO on its license.

5 **Exit Meeting Summary**

The NRC inspector presented preliminary inspection findings following the onsite inspection on April 5, 2013. The licensee did not identify any documents or processes reviewed by the inspector as proprietary. A final telephonic exit meeting was conducted on July 5, 2013. The licensee acknowledged the findings presented.

LIST OF INDIVIDUALS CONTACTED

#* James Bell, President
Mark Bialek

Attended preliminary debrief on April 5, 2013

* Attended final exit meeting on July 5, 2013