

SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION

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| 1. LICENSEE/LOCATION INSPECTED. Michigan Sugar Company 2600 South Euclid Avenue Bay City, MI 48706 REPORT NUMBER(S) 2013-001 | | 2. NRC/REGIONAL OFFICE Region III U. S. Nuclear Regulatory Commission 2443 Warrenville Road, Suite 210 Lisle, IL 60532-4352 | |
| 3. DOCKET NUMBER(S) 030-11540 | 4. LICENSE NUMBER(S) 21-13783-02 | 5. DATE(S) OF INSPECTION Sept. 4, 2013, with in-office review through Sept. 10, 2013 | |

LICENSEE:

The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your license. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:

1. Based on the inspection findings, no violations were identified.
2. Previous violation(s) closed.
3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy, to exercise discretion, were satisfied.

Non-cited violation(s) were discussed involving the following requirement(s):

4. During this inspection, certain of your activities, as described below and/or attached, were in violation of NRC requirements and are being cited in accordance with NRC Enforcement Policy. This form is a NOTICE OF VIOLATION, which may be subject to posting in accordance with 10 CFR 19.11.
(Violations and Corrective Actions)

Condition 15 of NRC License Number 21-13783-02 requires, in part, that the licensee conduct a physical inventory every six months to account for all sealed sources and/or devices received and possessed under the license.

Contrary to the above, between October 2012 and August 2013, Michigan Sugar Company did not adequately conduct a physical inventory to account for all sealed sources at its Bay City, Michigan facility. Specifically, the licensee did not verify the presence, during a semiannual inventory in May 2013, of five disused gauges at the Bay City facility that it had placed in storage in the fall of 2012. The licensee did not account for those devices until the RSO conducted leak tests of all devices at the facility in August 2013.

Statement of Corrective Actions

I hereby state that, within 30 days, the actions described by me to the Inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken, date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested.

| TITLE | PRINTED NAME | SIGNATURE | DATE |
|---------------------------|----------------------|-----------------------------|---------|
| LICENSEE'S REPRESENTATIVE | Michael Millershaski | <i>Michael Millershaski</i> | 9/11/13 |
| NRC INSPECTOR | Ryan Craffey | <i>Raf Craffey</i> | 9/10/13 |
| BRANCH CHIEF | Aaron McCraw | <i>Aaron McCraw</i> | 9/10/13 |

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(Continued)

The inspector determined that the root cause of the violation was a misunderstanding of NRC requirements. The instrument technicians did not realize that unlike shutter checks, inventories must be performed for all gauges, regardless of whether or not they are in use. As a contributing factor, the inventory / shutter check sheet did not clearly indicate to the RSO whether a gauge was inventoried if a shutter check was not performed.

For corrective actions to prevent recurrence, the RSO committed to discuss the requirement with the two Bay City technicians who perform the semiannual inventory of the gauges. The RSO also committed to revising the inventory / shutter check sheet to clearly indicate that all sources must be inventoried, even if a shutter check was not performed. On September 6, 2013, the RSO provided a copy of the revised document to the inspector. During the exit meeting on September 10, 2013, the RSO indicated that he was also considering separating the inventory and shutter check documentation to provide further clarification.

Docket File Information**SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION**

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| 6. INSPECTION PROCEDURES USED 87124 | 7. INSPECTION FOCUS AREAS All |
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SUPPLEMENTAL INSPECTION INFORMATION

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| 1. PROGRAM CODE(S) 03120 | 2. PRIORITY 5 | 3. LICENSEE CONTACT Michael Millershaski - RSO | 4. TELEPHONE NUMBER (989) 686-1549 |
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- Main Office Inspection Next Inspection Date: September 2018
 Field Office Inspection 891 Peninsular Street, Caro, Michigan
 Temporary Job Site Inspection

PROGRAM SCOPE

This licensee is a sugar processing company authorized by its NRC license to use fixed gauges containing Cs-137 at its facilities in Bay City, Caro, Sebewaing, and Croswell, Michigan. The licensee possesses gauges in Caro and in Bay City. The licensee no longer possesses any material at its Sebewaing and Croswell facilities, and intends to remove these locations of use from the license. The RSO works in Carrollton, Michigan (a former location of use), and the assistant RSO works in Bay City. The licensee documents the opening and closing of gauge shutters at the beginning (fall) and end (spring) of the sugar production season, thereby completing the required semiannual inventories and shutter checks. The RSO collects leak tests of all sealed sources once every three years.

PERFORMANCE OBSERVATIONS

The inspector toured the Bay City and Caro facilities, and observed the condition and posting of approximately half of the gauges in use, as well as the condition and security of all gauges not in use, and demonstrations by the RSO of leak test collection procedures. Independent and confirmatory surveys found no unusual readings, and demonstrated the adequacy of the licensee's survey instruments. Interviews with the RSO, his assistant, and three instrument technicians demonstrated that involved staff were knowledgeable of radiation protection principles and emergency response procedures. The inspector also reviewed a selection of licensee records for leak tests, shutter checks, and inventories.

During a review of the most recent Bay City gauge inventory, the inspector identified one violation of NRC requirements for failure to inventory five disused gauges kept in storage at the facility.

The licensee was previously cited for the failure to amend its NRC license to reflect a change in RSO. The licensee had completed corrective actions as stated in the reactive inspection report, and the violation was found to be non-recurring based on interviews with licensee personnel. Therefore, the NRC now considers the violation to be closed.