



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

MAR 27 2014

David L. Santez
Vice President, General Counsel
and Secretary
Escanaba Paper Company
8540 Gander Creek Dr.
Miamisburg, OH 45342

SUBJECT: REQUEST FOR CONSENT TO INDIRECT LICENSE TRANSFER

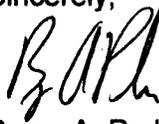
By letter dated January 31, 2014, NewPage Holdings Inc. (NewPage), on behalf of its indirect, wholly-owned subsidiary, Escanaba Paper Company (Escanaba), submitted to the U. S. Nuclear Regulatory Commission (NRC) a Request for Consent to Indirect License Transfer of NRC Materials License No. 21-17630-01. Based on the information you provided, we understand that as a result of a merger between NewPage and Verso Paper Corporation (Verso), control of Escanaba will be indirectly transferred to Verso. We further understand that this transfer will not result in any change to the licensee name, licensed material, persons using the licensed material, location of use of licensed material, or persons responsible for the licensee's radiation safety program.

Based on the above understandings and as more fully detailed in the enclosed NRC staff's Safety Evaluation Report which documents the NRC staff's review of the request, we have no objection to the transfer. It is our understanding that the effective date of the transfer will be in the second half of 2014. **Please note that you will need to notify us within 30 days, in writing, after the transaction has been finalized and include a signed copy of the merger agreement confirming completion of the transaction.** With this information, we can issue an administrative amendment to your NRC license to reflect the transaction, if necessary. Please contact me at 678-828-7050, or by e-mail at bryan.parker@nrc.gov if you have any questions regarding this letter.

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture. You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>. We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. A. Parker', written in a cursive style.

Bryan A. Parker
Health Physicist
Materials Licensing Branch

License No. 21-17630-01
Docket No. 030-13087

Enclosure: Safety Evaluation Report

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE
NUMBER 21-17630-01, ESCANABA PAPER COMPANY**

DATE: 03/26/2014

DOCKET NO.: 030-13087

LICENSE NO.: 21-17630-01

LICENSEE: Escanaba Paper Company
P.O. Box 757
Escanaba, Michigan 49829-0757

TECHNICAL REVIEWER: Bryan A. Parker, Health Physicist

SUMMARY AND CONCLUSIONS

Escanaba Paper Company is authorized by NRC License 21-17630-01 for the possession and use of byproduct material for purposes of measuring level, density, etc. using fixed gauging devices. The U. S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to an indirect license transfer submitted by Escanaba Paper Company (Escanaba) that will result from a merger between Escanaba's owner, NewPage Holdings Inc. (NewPage) and Verso Paper Corporation (Verso). Escanaba is currently an indirect, wholly-owned subsidiary of NewPage. NewPage will merge with Verso and Escanaba, in turn, will become an indirect, wholly-owned subsidiary of Verso. The indirect transfer of control is described in Agency Documents Access and Management System (ADAMS) accession number ML14034A400.

The request for consent was reviewed by NRC staff for indirect change in control of a 10CFR Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated November 2000. The NRC staff finds that the information submitted by Escanaba sufficiently describes and documents the transaction and commitments made by Verso and Escanaba (via NewPage).

As required by 10 CFR 30.34 and section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, Escanaba will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and promotes the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Web-based Licensing system (WBL), Escanaba has been an NRC licensee since July 27, 1977. The NRC conducted a main office inspection of Escanaba on May 16, 2012, and no violations were identified during this inspection. The commitments made by Verso and Escanaba (via NewPage) state that the Escanaba Paper Company License No. 21-17630-01:

- A. will not change the Radiation Safety Officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license;
- E. will not change the organization's name listed in the NRC license; and
- F. will keep regulatory required surveillance records and decommissioning records.

Verso possesses an active NRC license in Michigan (License No. 21-24692-01) that authorizes fixed gauging devices at a paper mill for measuring level, density, etc. Therefore, for security purposes, Verso is considered a known entity following the guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) 'Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license', September 3, 2008 revision. The purpose of this checklist is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use.

Escanaba is not required to have decommissioning financial assurance based on the types and amount of material authorized in License No. 21-17630-01.

REGULATORY FRAMEWORK

Escanaba Paper Company License No. 21-17630-01 was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. The Commission is required by 10 CFR 30.34 to determine if the change of control is in accordance with the provisions of the Act and give its consent in writing.

10 CFR 30.34(b) states: "No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing."

As previously indicated, the staff evaluation is based on guidance in NUREG-1556, Volume 15. As discussed in NUREG-1556, Volume 15, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could

require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed. Escanaba's request for consent describes an indirect change of control resulting from a planned merger between Escanaba's parent company, NewPage, and Verso. Following the completion of the merger, Escanaba will indirectly become a wholly-owned subsidiary of Verso and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in ADAMS accession number ML14034A400. After completion of the merger, Escanaba will continue as the licensee and remain in control of all licensed activities under Materials License No. 21-17630-01. The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in Appendix F of NUREG-1556, Volume 15.

TRANSFeree'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the information submitted by Escanaba sufficiently describes and documents the commitments made by Verso and Escanaba (via NewPage), and is consistent with the guidance in NUREG-1556, Volume 15.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(14)(viii).

CONCLUSION

The staff has reviewed the request for consent submitted by both parties with regard to an indirect change of control of Byproduct Materials License No. 21-17630-01 and approves the application pursuant to 10 CFR 30.34(b).

The submitted information sufficiently describes the transaction; documents the understanding of the license and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; And, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15.

Therefore, the staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.