

SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR NRC BYPRODUCT MATERIALS LICENSE
NUMBERS 54-28275-01 and 54-28275-02MD, NORDION
(CANADA) INC.

DATE: 6/30/2014

DOCKET NOS.: 030-30788 and 030-30793

LICENSE NOS.: 54-28275-01 and 54-28275-02MD

LICENSEE: Nordion (Canada) Inc.
447 March Road, Ottawa, Ontario, Canada K2K 1X8

TECHNICAL REVIEWER: Dennis Lawyer

SUMMARY AND CONCLUSIONS

Nordion (Canada) Inc. holds two byproduct materials licenses issued by U. S. Nuclear Regulatory Commission (NRC). Under NRC Materials License 54-28275-01, Nordion (Canada) Inc. is authorized to possess and use byproduct material for purposes of distribution of sources to authorized persons and servicing of irradiators at temporary job sites in the NRC's areas of regulatory jurisdiction. They are authorized by NRC Materials License No. 54-28275-02MD to distribute byproduct material from 447 March Road, Ottawa, Ontario, Canada and 4004 Wesbrook Mall, Vancouver, British Columbia, Canada to authorized licensees in the United States.

By letter dated May 21, 2014, Nordion Inc. (Nordion) submitted a request for NRC consent to the indirect license transfer of its indirect, wholly-owned subsidiary, Nordion (Canada) Inc., which will result from the sale of Nordion to STHI Holding Corp. (STHI), a U.S. company.¹ Prior to the sale, Nordion and its subsidiaries, Nordion (Canada) Inc. and Laboratories Nordion Inc. (the direct parent of Nordion (Canada) Inc.) will merge with the surviving entity being named Nordion (Canada) Inc. STHI's wholly-owned subsidiary, 8832528 Canada Inc., through a newly created subsidiary, CanAcquisitionCo., will purchase Nordion (Canada) Inc. and then merge with Nordion (Canada) Inc. Thus Nordion (Canada) Inc. will become a wholly-owned subsidiary of 8832528 Canada and, indirectly, a wholly-owned subsidiary of STHI Holding Corporation. The indirect transfer of control is described in Agency Documents Access and Management System (ADAMS) accession number ML14149A230.

The request for consent was reviewed by NRC staff for an indirect change in control of two 10 CFR Part 30 licenses 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 Nordion sufficiently describes and documents the transaction and commitments made by STHI Holding Corporation, Nordion, and Nordion (Canada) Inc.

¹ The request was signed by officers for Nordion, Nordion (Canada) Inc., and STHI Holding Corp.

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, Nordion (Canada) Inc. 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 promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Licensing Tracking System (LTS), Nordion (Canada) Inc. has been an NRC licensee since March 6, 1989. The NRC conducted a main office inspection of Nordion (Canada) Inc. on October 28, 2013, with respect to NRC Materials License No. 54-28275-01, and December 17, 2009, for NRC Materials License No. 54-28275-02MD, and one violation was identified during these inspections associated with improper transfer of byproduct material. The commitments made by STHI Holding Corp. and Nordion state that under the proposed transaction there are no plans to change:

- A. the radiation safety officer listed in the NRC licenses;
- B. the personnel involved in licensed activities;
- C. the locations, facilities, and equipment authorized in the NRC licenses;
- D. the radiation safety program authorized in the NRC licenses;
- E. the organization's name listed in the NRC licenses; or
- F. the maintenance of required surveillance records and decommissioning records.

STHI holding Corp. is the ultimate parent company for Sterigenics U.S. Inc., which possesses material licenses issued by the following Agreement States: New Jersey, California, Arkansas, Texas, Illinois, and North Carolina. Sterigenics U.S. Inc. has a wholly-owned subsidiary, Food Technology Services, Inc. which possesses an Agreement State material license issued by the Florida. These Agreement State licenses authorize the irradiation of materials. Therefore, for security purposes, STHI Holding Corp. 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 aspect of the review 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, which STHI Holding Corp.'s qualification as a known entity provides.

Nordion (Canada) Inc. is not required to have decommissioning financial assurance based on the types and amount of material authorized in NRC Materials License Nos. 54-28275-01 or 54-28275-02MD.

REGULATORY FRAMEWORK

Nordion (Canada) Inc.'s NRC Materials License Nos. 54-28275-01 and 54-28275-02MD, were 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. Nordion's request for consent describes an indirect change of control of the NRC licenses held by Nordion's subsidiary, Nordion (Canada) Inc., resulting from a planned sale of Nordion and its consolidated subsidiaries to CanAcquisitionCo., a wholly-owned subsidiary of 8832528 Canada Inc., which is a wholly-owned subsidiary of STHI Holding Corp. Following the completion of the merger, Nordion (Canada) Inc. will become a direct subsidiary of 8832528 Canada Inc., and an indirect, wholly-owned subsidiary of STHI Holding Corp. and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in ADAMS accession number ML14149A230. After completion of the merger, Nordion (Canada) Inc. will continue as the licensee and remain in control of all licensed activities under NRC Materials License Nos. 54-28275-01 and 54-28275-02MD. As discussed above, 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 Nordion sufficiently describes and documents the commitments made by STHI Holding Corp., Nordion, and Nordion (Canada) Inc., 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)(21).

CONCLUSION

The NRC staff has reviewed the request for consent submitted by both parties with regard to an indirect change of control of NRC Materials License Nos. 54-28275-01 and 54-28275-02MD, and, pursuant to 10 CFR 30.34(b), consents to the proposed indirect transfer of control.

The submitted information sufficiently describes the transaction; documents the understanding of the licenses 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, that in the future, the licensee and its parent companies will abide by all existing commitments in 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.