

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

DATE: April 30, 2015

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

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 March 30, 2015, Agencywide Documents Access and Management System (ADAMS) Accession Number ML15090A161, Nordion (Canada) Inc. (Nordion) requested the NRC's consent to an indirect transfer of control of the above licenses. The proposed indirect transfer of control would result from Nordion's ultimate parent company, STHI Parent Company, LLC, selling, and Sterigenics-Nordion Holdings, LLC, a newly formed holding company, purchasing all outstanding shares of STHI Holdings, Inc. A newly formed acquisition vehicle, Sterigenics-Nordion Topco, LLC, will acquire all of the outstanding shares of STHI Holdings, Inc., through its wholly-owned subsidiary, Sterigenics-Nordion Holdings, LLC. Under this proposed transaction, Warburg Pincus LLC (Warburg Pincus), a New York-based private equity firm, will indirectly hold a majority controlling interest in Nordion (Canada) Inc.'s ultimate parent company, Sterigenics-Nordion Topco, LLC. This would occur through a number of transactions which are detailed in the March 30, 2015, letter. Ultimately, Warburg Pincus funds and investors would possess 55% to 72% of the shares associated with STHI Holdings, Inc. and indirect control of Nordion. GTCR would retain indirect possession of 30% to 40% of shares associated with STHI Holdings, Inc., and Management would indirectly possess 1% to 2% of the shares.

The NRC staff reviewed this request for consent of indirect transfer of control of a 10 CFR Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses—Program-Specific 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 Nordion.

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 transfer of 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 common defense and security.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Licensing Tracking System (LTS), Nordion has been an NRC licensee since March 6, 1989. The NRC conducted a main office inspection of Nordion 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 during these inspections identified one violation associated with improper transfer of byproduct material. The commitments made by Warburg Pincus 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.

Warburg Pincus currently has indirect control in RegionalCare Hospital Partners Holding, Inc. which is an operator of community hospitals. One of the hospitals is RCHP Billings-Missoula, LLC, which is the licensee for License No. 25-18361-01, and Sharon Hospital, which is the licensee for License No. 06-08020-02. Therefore, for security purposes, Warburg Pincus 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 Warburg Pincus' qualification as a known entity provides.

Nordion 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'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 transfer of control is in accordance with the provisions of the Act and to 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. The central issue is whether the authority over the license has changed. Nordion's request for consent describes an indirect transfer of control of the NRC licenses held by Nordion resulting from a planned sale of shares which will result in the controlling percentage of shares being owned by Warburg Pincus. Following the completion of the sale, Nordion will become an indirect subsidiary of Warbug Pincus. and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in detail in the March 30, 2015, letter. After completion of the reorganization, Nordion will remain 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 Nordion to continue to abide by its existing license is consistent with the guidance in NUREG-1556, Volume 15.

ENVIRONMENTAL REVIEW

This transfer of control involves the amendment of a materials license issued under 10 CFR Part 30. Therefore, an environmental assessment for this action is not required because this action is categorically excluded under 10 CFR 51.22(c)(14)(x) and 10 CFR 51.22(c)(14)(ii).

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 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 of 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.