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**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**  
REGION IV  
1600 E LAMAR BLVD  
ARLINGTON, TX 76011-4511

March 03, 2016

EA-15-208

Mr. Brian J. McKenna  
Radiation Safety Officer  
Engineering & Inspections Hawaii, Inc.  
P.O. Box 700217  
Kapolei, Hawaii 96709

SUBJECT: NRC INSPECTION REPORT NO. 030-36017/2015-001

Dear Mr. McKenna:

This letter and the enclosed report refer to the routine, unannounced inspection conducted on May 13-14, 2015, at your facilities in Kapolei, Hawaii. The inspection was an examination of activities conducted under your license as they relate to safety and compliance with the Nuclear Regulatory Commission's (NRC) rules and regulations, and with the conditions of your NRC license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observation of activities, independent radiation measurements, and interviews with personnel. On May 14, 2015, at the conclusion of the onsite portion of the inspection, the inspector left you with an NRC Form 591M Part 1 which indicated no violations were identified during the inspection and that previous violations were closed.

After the inspection, during NRC management's review of the inspection findings, a question was raised about a potential security violation that may have existed. We contacted you to discuss the matter by telephone on June 5 and 16, 2015, and you provided a letter dated June 8, 2015 (ADAMS Accession Number ML15168170). The subject matter of this letter is security-related and is not available to the public. After additional internal discussions, the NRC decided to formally rescind that NRC Form 591M Part 1 and to continue our review of the information gathered during that inspection. You should remove the NRC Form 591 Part 1 dated May 14, 2015, from your files. This matter was discussed during a telephone call between you, Mr. Michael Vasquez, and Ms. Brooke Smith, Acting Chief, Nuclear Materials Safety Branch A on February 5, 2016.

The Enclosure contains Sensitive Unclassified Non-Safeguards Information.  
When separated from the Enclosure, this letter is decontrolled.

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Based on our review of the information obtained during the inspection, and after reviewing the information and discussing the facts and circumstances with NRC headquarters offices, the NRC has determined that 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 Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violation was discussed with you during an exit briefing conducted on February 5, 2016, by Mr. Vasquez and Ms. Smith, and it is described in detail in the enclosed inspection report.

During the exit briefing, Mr. Vasquez and Ms. Smith discussed with you the circumstances surrounding these apparent violations, the significance of the issues, and the need for lasting and effective corrective actions. Therefore, it may not be necessary to conduct a predecisional enforcement conference (PEC) in order to enable the NRC to make an enforcement decision.

In addition, since your facility has not been the subject of escalated enforcement actions within the last two inspections, and based on our understanding of your corrective actions, a civil penalty may not be warranted in accordance with Section 2.3.4 of the Enforcement Policy. The final decision will be based on you confirming on the license docket that the corrective actions previously described to the NRC staff have been or are being taken.

As you requested during the exit briefing, before the NRC makes its enforcement decision, we are providing you an opportunity to (1) respond in writing to the apparent violation addressed in this inspection report within 30 days of the date of this letter or (2) request a PEC. If a PEC is held, it will be closed for public observation because security-related information will be discussed. Please contact Mr. Ray Kellar, Chief, Nuclear Materials Safety Branch A at 817-200-1191 within 10 days of the date of this letter to inform us whether you want to respond in writing or request a PEC. A PEC should be held within 30 days of the date of this letter.

If you choose to provide a written response, it should be clearly marked as a "Response to Apparent Violations in NRC Inspection Report 030-36017/2015-001; EA-15-208" and should include for each 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; and (4) the date when full compliance will be achieved. Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. Additionally, your response should be sent to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy mailed to Mr. Mark Shaffer, Director, Division of Nuclear Materials Safety, U.S. NRC Region IV, 1600 East Lamar Blvd., Arlington, Texas 76011-4511, within 30 days of the date of this letter. 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.

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If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on these matters and any other information that you believe the NRC should take into consideration before making an enforcement decision. The decision to hold a PEC does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be conducted to obtain information to assist the NRC in making an enforcement decision. The topics discussed during the PEC may include 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. 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 violations. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful. You can find the Information Notice on the NRC website at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html>.

Because the NRC has not made a final determination in this matter, no Notice of Violation is being issued for these inspection findings at this time. 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.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or in 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>.

However, the material enclosed herewith contains Security-Related Information in accordance with 10 CFR 2.390(d)(1) and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room or in the NRC's ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If Security-Related Information is necessary to provide an acceptable response, please mark your entire response Security-Related Information in accordance with 10 CFR 2.390(d)(1) and follow the instructions for withholding in 10 CFR 2.390(b)(1).

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In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

If you have any questions concerning this matter, please contact Mr. Kellar at 817-200-1191.

Sincerely,

*/RA/*

Mark R. Shaffer, Director  
Division of Nuclear Materials Safety

Docket No. 030-36017  
License No. 53-27731-01

Enclosure:  
NRC Inspection Report No. 03036017/2015-001

cc:

Jeffrey M. Eckerd, Supervisor  
Radiation Section  
HI Department of Health  
Indoor & Radiological Health Branch  
591 Ala Moana Boulevard, Rm 133  
Honolulu, HI 96813

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Sincerely,

*/RA/*

Mark R. Shaffer, Director  
Division of Nuclear Materials Safety

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cc: Jeffrey M. Eckerd, Supervisor  
Radiation Section  
HI Department of Health  
Indoor & Radiological Health Branch  
591 Ala Moana Boulevard, Rm 133  
Honolulu, HI 96813

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ADAMS ACCESSION NUMBER - PUBLIC LETTER: **ML16063A480**  
ADAMS ACCESSION NUMBER - NON-PUBLIC ATTACHMENT: **ML16033A380**

<b>Cover Letter (insert other documents to be made public)</b> <input checked="" type="checkbox"/> SUNSI Review by: <b>GMV</b>	ADAMS <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Publicly Available <input type="checkbox"/> Non-Publicly Available	<input checked="" type="checkbox"/> Non-Sensitive <input type="checkbox"/> Sensitive	Keyword: EA-15-208	
<b>Insert non-public documents</b> <input checked="" type="checkbox"/> SUNSI Review by: <b>GMV</b>	ADAMS <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Publicly Available <input checked="" type="checkbox"/> Non-Publicly Available	<input type="checkbox"/> Non-Sensitive <input checked="" type="checkbox"/> Sensitive	Keyword: EA-15-208 <b>A.3</b>	
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NAME	GMVasquez	BGSmith	JGKramer	JMRollins	MRShaffer
SIGNATURE	<i>/RA/</i>	<i>/RA/</i>	<i>/RA/</i>	<i>/RA/</i>	<i>/RA/</i>
DATE	2/17/2016	2/20/2016	02/25/16	02/29/16	03/03/16

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