

November 2, 2016

Dr. Steve Korbly
Vice President, Research and Development
Passport Systems, Inc.
70 Treble Cove Road
Billerica, Massachusetts 01862

Dear Dr. Korbly:

This letter is intended to provide information in support of Passport Systems, Inc. in its efforts to amend its Nuclear Regulatory Commission (NRC) licensure.

To carry out its mission to develop systems that can detect unauthorized movement of fissile or radiological material, the Domestic Nuclear Detection Office (DNDO) of the U.S. Department of Homeland Security contracts with the Department of Energy (DOE) laboratories and production facilities to provide technical support. The Y-12 National Security Complex (Y-12), based on its expertise and facilities, has created depleted uranium (DU) and enriched uranium (EU) source materials for DNDO testing. Additionally, the EU and DU sources must be shipped to and from sites specified by DNDO, which are typically NRC licensees such as Passport Systems. Being a registered user of the DOE package USA/9315/B(U)F-96 and a frequent shipper of nuclear and radiological materials, DNDO often contracts for Y-12 to ship the sources.

10 CFR 73.67(g) prescribes the requirements for licensees that transport, or deliver to carriers for transport, special nuclear material (SNM) of low strategic significance. Y-12 procedures and DOE orders for shipment of SNM meet and often exceed the regulation's physical protection requirements, described below:

1. In accordance with 10 CFR 73.67(g)(1), all shipments in which Y-12 acts as the shipper of record for the licensee are coordinated with the receiving site to ensure that the mode of transportation, shipment arrival timing, and any logistical concerns are understood. Y-12 makes a shipment only after authorization to ship has been granted by an appropriate point of contact at the receiving site.
2. All SNM is packed with tamper-indicating seals applied in accordance with Y-12 site-level procedures. Seal numbers are documented on a packing list, verified before shipment, and communicated to the receiving site point of contact.
3. Tamper-indicating seals are verified against shipper documentation within 24 hours of receipt of SNM. The shipper is notified via email or fax upon receipt of material. In instances where Y-12 acts as consignor or consignee for an NRC licensee, the licensee

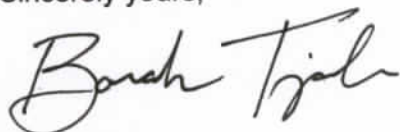
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is notified of material receipt. All nuclear material control and accountability transactions take place between licensees, as applicable, once material is no longer in transit. A chain of custody form is utilized between Y-12 personnel and the licensee to denote that the material has moved from an "in-transit" state to the licensee's site physical protection system.

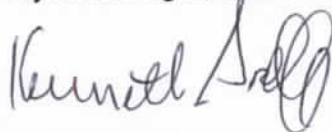
4. Physical protection of SNM of low strategic significance, as required under 10 CFR 73.67(g)(3), is accounted for under Y-12 site-level shipment procedures and DOE orders. The Y-12 Plant Shift Superintendent's office is on call at all times for reporting of shipping anomalies and safety or security concerns, including threats and thefts of material. Additionally, upon discovery of any loss of material, Y-12 personnel will immediately notify licensee point of contacts for notification to the NRC Operations Center within one hour of discovery.

If you have any questions or concerns, please contact Barak Tjader at 865.241.6585 or Kenneth Self at 865.574.9522.

Sincerely yours,



Barak Tjader
Project Manager, Global Security Programs



Kenneth H. Self, Jr.
Acting Manager, Transportation and Traffic Management

C: L. J. Jollay
N. Moon
J. Spacco
D. M. Speaks