

January 14, 2019

VIA FEDEX AND ELECTRONIC MAIL

Director, Office of New Reactors
U.S. Nuclear Regulatory Commission
Washington, DC 20555-001

RE: Reply to a Notice of Violation; EA-18-045

Dear Director:

I am writing on behalf of System One Holdings, LLC ("System One"), improperly named in the above-referenced Notice of Violation ("NOV") as System One Solutions, LLC.

First, System One would like to express its respect for the Nuclear Regulatory Commission ("NRC"), its investigative process and its decisions, including the NOV issued in this matter. Although System One was not aware, until the Fall of 2016, that one of its former employees ("Former Employee 1") had apparently falsified a training document and/or that such training document was apparently being presented by another of its former employees ("Former Employee 2") to employers, System One acknowledges that Former Employee 1 was employed by System One at the time that the training document was falsified. System One, therefore, does not contest the violations specified in the NOV, as the violation is the direct result of the actions of Former Employee 1.

The letter transmitting the NOV indicates that System One is required to submit a written statement or explanation if the Factual Summary of Nuclear Regulatory Commission Office of Investigations Case No. 3-2017-003 ("Factual Summary") does not accurately reflect System One's position or its corrective actions within thirty days of the date of transmission of the NOV.¹ Therefore, in accordance with the NRC's letter, this response is being submitted pursuant to 10 CFR 2.201.²

As an initial matter, the Factual Summary incorrectly identifies System One as "System One Solutions, LLC". As noted above, System One's legal name is System One Holdings, LLC.

The Factual Summary states, "During the time period that [Former Employee 2] was utilizing the false documents (from 2012 to 2016) he was granted unescorted access to six nuclear facilities." System One's investigation of the matter revealed that Former Employee 2 was assigned to two projects, for one customer of System One, for which Former Employee 2 could potentially have been called upon to utilize

¹ System One requested extensions of time to submit this response, to enable System One to review information relied upon in the Factual Summary and the NOV. System One submitted a request under the Freedom of Information Act on August 16, 2018. The Response to Freedom of Information Act (FOIA) Request was received on December 14, 2018, and included a redacted "United States Nuclear Regulatory Commission Report of Investigation", which will be referred to throughout this letter as "ROI".

² System One's response in this matter should not be interpreted as agreeing with information that was obtained in the underlying investigation. System One submits this response without prejudice to its right to assert additional facts or defenses in any claim or action.

the VT 1,2,3 certification at issue in this matter. After learning of the existence of the falsified training record, System One notified the customer of the falsified document so that our customer could make a determination as to any impact on work performed.³ System One's customer informed System One that Former Employee 2 did not utilize the certification specific to the falsified training record to conduct any safety-related inspections on behalf of System One at any of their customer's nuclear facilities. (ROI, pp. 31-32). System One's conclusion that Former Employee 2 did not utilize the certification at issue on behalf of System One is bolstered by the ROI, which states, "the NRC acknowledged the reported lack of [REDACTED] work by [Former Employee 2] and, as a result, took no further action on this particular issue." (ROI, p. 26). The ROI further stated, "System One acted in good faith and without willful intent when it submitted the Part 21 filing to the NRC," and found that "System One relied on [REDACTED] findings concerning [REDACTED] work being non-safety related." (ROI, p. 32). System One therefore requests that the Factual Summary be revised to clarify that, based on the evidence provided in the investigation, Former Employee 2 did not perform safety-related inspections on behalf of System One using the falsified certification.

The Factual Summary states, "[Former Employee 2] stated that he had taken the requisite training at System One in October of 2012 but could not explain why the training indicated that it was provided by Curtiss-Wright... [Former Employee 1, t]he certifying individual (formerly the QA manager at System One) related that it was possible the individual received that training as described..." Contrary to the assertion made by Former Employee 1, the ROI states that Former Employee 2 acknowledged that the Record of Training is false and that he was not in the country on the dates on the Record of Training. (ROI, p. 11). The ROI also states that Former Employee 2 "asserted that if he had in fact been fully trained and certified during the [REDACTED], he would have been earning a higher salary as a result." (ROI, p. 11). System One's investigation revealed that Former Employee 2's travel and activities while in the Pittsburgh, Pennsylvania area and the time that Former Employee 2 was physically present in System One's office were not sufficient for Former Employee 2 to have participated in or completed the required hours of training to support the certification in October 2012. This is supported by the ROI, which states, "Although [Former Employee 2] had only been in [REDACTED], [Former Employee 1] argued that [Former Employee 2] could have received his 40 hours of training during that time. While this was a virtual impossibility..." (ROI, p. 29). Further, System One's personnel who were responsible at the time for performing the training confirmed that the required training was not provided by System One during the week of October 1 through 5, 2012, when Former Employee 2 claimed that the training occurred. Finally, the dates of training in the document, in June 2012, were dates that Former Employee 2 was not employed by System One and so Former Employee 2 could not have completed the training through System One during that timeframe.

³ In addition to our notification to our direct customer(s), System One determined that it was appropriate to notify the NRC as required by Part 21 so that the extent of condition could be assessed further and specific to other employers or nuclear utilities which may have been affected by the use of the falsified training record.

The Factual Summary goes on to state, “[Former Employee 1] stated that System One’s training was not of a very high quality.”⁴ This statement is not a fact. To the extent that Former Employee 1’s unsubstantiated and subjective opinion was communicated to the NRC as part of the investigation, System One disputes that characterization of the statement as a fact and vehemently disagrees with the accuracy of this statement. There is no support for this opinion, nor is there any discussion of this statement or the quality of System One’s training program elsewhere in the NOV or the Factual Summary. To the contrary, another participant in the NRC’s investigation characterized System One’s training “program as ‘solid.’” (ROI, p. 19). To System One’s knowledge, Former Employee 1 did not express any concerns or criticism to System One’s management about the quality of System One’s training program during his short tenure as the QA manager for System One. Given that the NRC concluded that Former Employee 1 “engaged in the forging of a training document...,” Former Employee 1’s superfluous and unsubstantiated opinion about System One’s training program should be disregarded and should not be considered a fact that is included in the Factual Summary, and certainly not a statement that is relevant to this matter.

By way of substantive response to the unsubstantiated and subjective opinion of Former Employee 1, System One’s training program has been implemented with integrity and without blemish on a consistent and continuous basis for nearly 35 years. System One utilizes the EPRI VT1-3 training materials. As the NRC is aware, the EPRI training materials are the recognized standard in the industry and utilized by virtually every utility and nuclear power plant vendor to provide training on the topics required by the ASME Code. System One Quality Solutions, which utilizes System One’s training materials, has been approved by the Commonwealth of Pennsylvania Department of Education, Division of Private Licensed Schools as a licensed training facility for Nondestructive Testing and Quality Control and Inspection Technologies. System One’s training/qualification/certification programs and procedures have been subjected to scrutiny by numerous entities (such as nuclear utilities, nuclear industry suppliers, NIAC, NUPIC and the NRC) over the years, and have found them to be acceptable. As recently as December 2017, the NRC conducted an inspection of “System One’s quality assurance activities, which included the corrective action and audit programs associated with the training and qualification for nuclear power plant licensees regarding activities associated with conducting inspection and nondestructive examination of safety-related structures, systems, and components.” (U.S. Nuclear Regulatory Commission Inspection of System One Holdings, LLC, Report No. 99902053/2017-201). In the context of that Inspection, the NRC did not identify any violations. Though not a specific review or endorsement of System One’s overall training program, the Inspection clearly supports the conclusion that System One’s programs and processes are compliant with NRC and nuclear industry regulations, codes, and standards. System One requests that the unsubstantiated statement, “System One’s training program is not of very high quality,” be removed from the Factual Summary. In the alternative, System One requests that the Factual Summary be revised to include reference to the Inspection and that the Inspection found that System One’s programs and processes reviewed in the Inspection, including its training program, are compliant.

⁴ It is notable that Former Employee 1, the Quality Assurance (“QA”) manager who is referenced in the Factual Summary, was employed by System One for approximately six months in 2012. Prior to the Fall of 2016, System One had no knowledge that the former QA manager had falsified any documents, including the training documents at issue in the NOV.

System One appreciates the opportunity to correct the Factual Summary and the NOV. Should you have any questions or if you need additional information, please do not hesitate to contact me at 412.995.1977 or cami.davis@systemone.com. Thank you for your attention to this matter.

Sincerely,



Cami L. Davis
Senior Vice President, Chief Employment Counsel
System One Holdings, LLC

FedEx®

Express

Page 1 of 2

ORIGIN ID: BTPA (412) 995-1977
CAMI DAVIS
SYSTEM ONE
210 SIXTH AVENUE
SUITE 3100
PITTSBURGH, PA 15222
UNITED STATES US

SHIP DATE: 14 JAN 19
ACTWGT: 0.50 LB
CAD: 102866118/INET4040

BILL SENDER

TO DIRECTOR, OFFICE OF NEW REACTORS
U.S. NUCLEAR REGULATORY COMMISSION
WASHINGTON DC 20555-001

WASHINGTON DC 20555

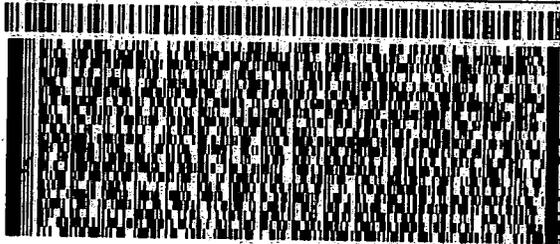
(301) 415-2343
INV:
PO:

REF: LEGAL

DEPT

562.D074.CDC/AS

RT 619
10:30
9381
1866
G



FedEx
Express

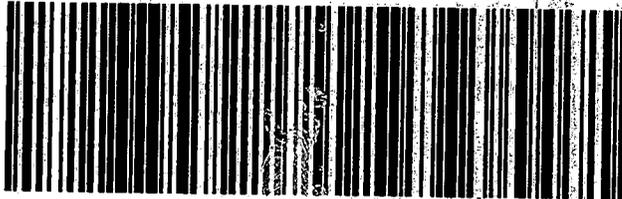


TUE - 15 JAN 10:30A
PRIORITY OVERNIGHT

TRK# 7741 9078 9381
0201

XC NSFA

20555
DC-US IAD



Extremely Urgent

Insert shipping document here.