



April 1, 2019

George Wilson
Acting Director, Office of Enforcement
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD, 20852

Subject: Response to Apparent Violations, EA-18-170

Dear Sir,

Source Production and Equipment Co., Inc. (SPEC) is hereby submitting this written explanation in response to the Nuclear Regulatory Commissions' (NRCs) Notice of Violation (NOV) EA-18-170. The NOV states, "The apparent violation involves the importation of 155 non-U.S. origin disused sources containing the byproduct material iridium-192, selenium-75, ytterbium-169 into the United States, without obtaining a specific license authorizing the import of radioactive waste as required by 10CFR 110.5, 110.9(a), 110.20(a), 110.27(c) and 110.43(d) between 2012 and 2017".

In February 2017, SPEC initiated implementation of corrective actions stemming from our November 2016 Voluntary Self-Disclosure (VSD) to the United States Census Bureau concerning EEI filings. During the implementation of the EEI corrective actions, SPEC discovered that a process for monitoring import of foreign disused sources and export of sealed sources of U.S. origin did not exist. SPEC then reviewed the requirements set forth in 10CFR part 110 with its associated guidance in the NRC's "Branch Technical Position on the Import of Non-U.S. Origin Radioactive Sources" (ML1377A16) to ensure proper interpretation of the rule. The results of this review and internal investigation revealed no evidence that good faith efforts were made to comply with the Branch Technical Position that clarifies how the NRC staff interprets the "of U.S. origin" exclusion to the definition of "radioactive waste" as used in 10CFR 110.2.

Recognizing SPEC's obligation to notify the appropriate regulatory agencies, on March 28, 2017 a VSD was submitted to the NRC by Sullivan and Lynch on behalf of SPEC, regarding the importation of 155 disused sources from Gilligan Engineering Services, a former SPEC customer. This VSD informed the NRC that between 2012 and 2016, SPEC's employees were not educated on import/ export regulatory requirements and a proper process was not implemented to monitor imports of disused sealed sources.



In review of the matters disclosed herein, SPEC promptly identified this error and initiated corrective action in February 2017. After further review of the requirements, the corrective actions were improved and fully implemented as of February 2019.

- 1) SPEC has informed its foreign sealed source customers of the conditions under which SPEC will authorize import of sealed sources for disposal, including the exchange of sealed sources on a one for one basis.
- 2) SPEC has developed and implemented processes to monitor sealed source imports, which includes a procedure to determine the shipment eligibility prior to importation.
- 3) SPEC revised its internal Work Instructions to clearly reflect the NRC's requirements on the importation of non-United States origin disused sealed sources.
- 4) SPEC has conducted training of its shipping and receiving personnel to ensure proper education of the NRC's requirements on the importation of non-United States origin disused sealed sources.
- 5) SPEC's Senior Management has re-emphasized to all SPEC personnel that concerns as to compliance with the NRC and other Regulatory Agencies' Rules and Regulations should be promptly brought to the attention of Senior Management.

SPEC is committed to compliance with the requirements set forth in 10CFR 110. Utilizing the guidance published in the NRC's "Branch Technical Position on the Import of Non-U.S. Origin Radioactive Sources" (ML1377A16), SPEC has implemented corrective actions necessary to ensure full compliance. SPEC takes pride in the company's over forty-year history of compliance with its regulatory obligations. It is important to consider this issue did not result in risk to the public health, public safety or the environment. SPEC would like to request that this matter be disposed of as a non-cited violation of limited severity not requiring the imposition of a monetary penalty or other adverse enforcement action. SPEC is confident that the corrective actions promptly implemented upon the discovery of the apparent violations will ensure compliance.

Respectfully,

A handwritten signature in blue ink, appearing to read "Sandra M. Kusy", is written over a large, thin blue line that curves from the left side of the page towards the right.

Sandra M. Kusy
Vice President and General Manager
Source Production and Equipment Company, Inc.