



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

May 13, 2019

EA-18-157

Mr. Darrel Moore
VP/GM – Michigan-Indiana Operations
Gerdau – Monroe Mill
3000 East Front Street
Monroe, MI 48161

**SUBJECT: GERDAU - MONROE MILL – EXERCISE OF ENFORCEMENT DISCRETION;
NRC ROUTINE INSPECTION REPORT NO. 03014021/2018001(DNMS)**

Dear Mr. Moore:

This letter refers to the U.S. Nuclear Regulatory Commission (NRC) inspection conducted on July 12, 2018, at your Monroe, Michigan facility with continued in-office review through January 4, 2019. The purpose of the inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. During the inspection, an apparent violation of NRC requirements was identified. The apparent violation concerned the routine installation and removal of gauges from service that was contrary to the requirements in Condition 16 of your NRC Materials License No. 21-18673-01, Amendment No. 10. The circumstances surrounding the apparent violation, the significance of the issue, and the need for lasting and effective corrective actions were discussed with Mr. Craig Metzger, of your staff, during an exit meeting on January 4, 2019. Details regarding the apparent violation were provided in NRC Inspection Report No. 03014021/2018001(DNMS), dated February 1, 2019. The inspection report can be found in NRC's Agencywide Documents Access and Management System (ADAMS) at accession No. ML19032A621. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Based on the results of the inspection, on September 13, 2018, your staff submitted an application to amend your license. The amendment application requested that Gerdau staff be authorized to perform routine installation and removal of gauges. License No. 21-18673-01, Amendment No. 11, dated January 29, 2019, authorized Gerdau staff to remove and install gauges under the supervision and in the direct physical presence of certain individuals listed on the license.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report by either attending a predecisional enforcement conference or by providing a written response before we made our final enforcement decision. In a letter, dated March 15, 2019 (ADAMS ML19102A096), your staff provided a written response to the apparent violation. In an email, dated March 26, 2019 (ML19102A077), your staff provided the revised procedure used for removal and reinstallation of the gauges. Your staff are also continuing to work with NRC licensing staff to clarify the authorizations under your license, and to revise them as necessary to ensure that operations will continue to comply with license conditions.

Based on the information developed during the inspection and the information provided in your staff's responses to the inspection report, dated March 15 and March 26, 2019, the NRC has

determined that a violation of NRC requirements occurred. However, there were extenuating circumstances in this case. Specifically, following the license renewal processes in 2001 and 2011, your staff believed they were authorized for the routine installation and removal of gauges as they had been previously, although your license did not authorize your staff to perform those activities. In addition, the license history and appearance of conflicting requirements in your license created a degree of uncertainty and led your staff to continue to believe that they were authorized to perform the removal and re-installation of gauges. Therefore, I have been authorized, after consultation with the Director, Office of Enforcement, to exercise enforcement discretion and not cite the violation in this case in accordance with Section 3.5, "Violations Involving Special Circumstances," of the NRC Enforcement Policy.

You are not required to respond to this letter unless the description in NRC Inspection Report No. 03014021/2018001(DNMS) and your responses, dated March 15 and March 26, 2019, do not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should mark your response as a "Reply to Exercise of Enforcement Discretion, EA-18-157," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional Administrator, Region III, 2443 Warrenville Road, Suite 210, Lisle, IL 60532-4352 within 30 days of the date of this letter.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response, if any, will be made available electronically for public inspection in the NRC Public Document Room and in ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If you choose to respond, to the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

Sincerely,

/RA by John B. Giessner acting for/

Darrell J. Roberts
Regional Administrator

Docket No. 030-14021
License No. 21-18673-01

cc: Craig Metzger, RSO
State of Michigan

Letter to D. Moore from Darrell J. Roberts dated May 13, 2019

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NRC ROUTINE INSPECTION REPORT NO. 03014021/2018001(DNMS)

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