



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
2443 WARRENVILLE ROAD, SUITE 210
LISLE, ILLINOIS 60532-4352

January 11, 2021

EA-20-147

Mr. Christopher McLean
General Manager
Piezotech LLC
8431 Georgetown Road
Indianapolis, IN 46268

SUBJECT: NRC REVIEW OF EVENT NOTICE NUMBER 54767 AND LETTER DATED
JUNE 29, 2020

Dear Mr. McLean:

From July 9, 2020, through December 17, 2020, an inspector from the U.S. Nuclear Regulatory Commission (NRC) conducted a review of Event Notice Number 54767 and letter dated June 29, 2020, notifying the NRC that Piezotech LLC possessed depleted uranium (DU) and manufactured and distributed exempt products containing DU, without possession and exempt distribution licenses. The purpose of the review was to evaluate the safety and security significance for failure to hold NRC licenses in accordance with the NRC's regulations. Mr. Kevin Null of my staff conducted a final exit meeting by telephone with Mr. John Churchill of your staff on December 17, 2020, to discuss our findings. This letter presents the results of our review.

During this review, the NRC staff examined the possession, manufacturing, and distribution activities conducted by Piezotech LLC, and the potential impact that these activities may have had on public health and safety. Additionally, the staff examined your compliance with the Commission's rules and regulations. Within these areas, our review consisted of selected examination of representative records and interviews with personnel.

Based on the results of our review, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. The violations were evaluated in accordance with the NRC Enforcement Policy, which can be found on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. Title 10 of the *Code of Federal Regulations* (CFR) Part 40, Domestic Licensing of Source Material, in section 40.3, Licensing Requirements, specifies, in part, that a person may not receive, possess, or transfer source material unless authorized by a specific or general license issued by the NRC. Certain regulations pertinent to Piezotech LLC regarding general licenses were revised in 2013 and became effective on August 27, 2014. Our inspection identified the following violations: 1) the general license in 10 CFR 40.22(a)(1) limits the possession of dispersible DU at any one time to 1.5 kilograms; however, Piezotech LLC possessed 7.5 kilograms and did not have a specific license for that quantity, and (2) Piezotech LLC distributed source material in piezoelectric ceramic products to persons exempt from Part 40 requirements and did not have the specific (license) authorization from the NRC as stated in 10 CFR 40.13(c)(10).

The Enforcement Policy characterizes the failure to hold NRC licenses as potential Severity Level III violations. However, the NRC concluded that each violation is more appropriately characterized as a Severity Level IV violation because of the radiological safety and security protocols that your staff had implemented while handling and processing the DU and manufacturing and distributing ceramic products containing DU. Furthermore, the NRC determined that the violations met the following criteria from Section 2.3.2 of the Policy to be considered as Non-Cited Violations because: (1) you identified the violations, (2) you corrected or committed to correct the violations within a reasonable period of time, and (3) the violations were not considered repetitive or willful. Therefore, as credit for identifying and correcting the violations in a timely fashion, the NRC will not issue a Notice of Violation on this matter. The inspector determined that the root cause of the violations was a lack of knowledge of NRC regulations.

As corrective actions, Piezotech LLC staff members immediately placed all inventory of DU in locked storage, and terminated manufacturing and distribution of exempt product containing DU. The inventory of DU was properly disposed of on or around October 1, 2020, and you signed a contract for the appropriate transfer of remaining ceramic products containing DU.

The NRC has concluded that information regarding the reason for the violations, the corrective actions taken and planned to correct the violations and prevent recurrence, and the date when full compliance will be achieved is already adequately addressed on the docket in this letter. Therefore, you are not required to respond to this letter unless the description herein does not accurately reflect your corrective actions or your position.

In accordance with the NRC's Rules of Practice in 10 CFR 2.390, a copy of this letter and any response you provide will be made available electronically for public inspection in the NRC's Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, any response should not include any personal privacy, proprietary, or safeguards information so that it can be made publicly available without redaction.

Please feel free to contact Kevin Null of my staff if you have any questions regarding this inspection. Mr. Null can be reached at 720-352-7815 or kevin.null@nrc.gov.

Sincerely,

Michael Kunowski, Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Docket No. 99990003

cc: John Churchill, Compliance Director

Letter to Christopher McLean from Michael Kunowski dated January 11, 2021.

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