



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

February 8, 2022

Mr. Joe Bilpuch
General Manager
Kanawha Scales & Systems, Inc.
26 Whitney Drive
Milford, OH 45150

SUBJECT: NRC LETTER AND NOTICE OF VIOLATION – KANAWHA SCALES & SYSTEMS, INC.

Dear Mr. Bilpuch:

On December 23, 2021, Kanawha Scales & Systems, Inc. (Kanawha), applied for reciprocity to conduct work involving the servicing of fixed gauges in Gilbert, West Virginia. Kanawha has a specific license from the Agreement State of Ohio to conduct similar work in Ohio. The work in West Virginia was subsequently conducted on January 4, 2022. The U.S. Nuclear Regulatory Commission (NRC) reviewed the application for reciprocity and spoke with staff from Kanawha to determine if the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 150, “Exemptions and continued regulatory authority in Agreement States and in offshore waters under section 274,” were met. On February 1, 2022, Ms. Elizabeth Tindle-Engelmann, an inspector from the NRC, discussed the results of this review with you and your staff.

Based on the review of your application and on subsequent discussions, the NRC has determined that one Severity Level IV violation of NRC requirements occurred. The violation was evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC’s website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violation concerned the licensee’s failure to pay the appropriate fee, as required by 10 CFR 150.20. The violation is cited in the enclosed Notice of Violation (Notice). The NRC is citing the violation in the enclosed Notice because the NRC identified violation.

On December 23, 2021, your staff applied for reciprocity to conduct work in Gilbert, West Virginia on January 4, 2022; the reciprocity submittal was filed via e-mail and included a copy of your Agreement State license, your NRC Form 241, and the statement that the fee would be paid on pay.gov. On January 3, an inspector from the NRC reviewed your submittal and determined that the fee had not yet been paid. The inspector attempted to contact your staff via e-mail and telephone, on January 3, regarding the fee payment. On January 5, the inspector was able to speak with you and your staff regarding the fee payment. You and staff stated that the licensed activities had been completed on January 4 but that an administrative problem with the fee payment had not yet been resolved; you were able to pay the fee on January 6.

The inspector determined that the root cause of the violation was due to an attempt to pay the fee using a credit card whose transaction limit was below the fee amount. As corrective actions to restore compliance, your staff increased the transaction limit on the credit card and your staff paid the fee on January 6, 2022.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be useful in preparing your response. You can find the Information Notice on the NRC website at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html>. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response, 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, your 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 Ms. Tindle-Engelmann if you have any questions regarding this matter. She can be reached at 630-829-9681.

Sincerely,

 Signed by Kunowski, Michael
on 02/08/22

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

Docket No. 150-00034
License No. OH-03214130000

Enclosure: Notice of Violation

cc w/encl: Larry Welch, RSO
State of Ohio

Letter to Joe Bilpuch from Michael Kunowski, dated February 8, 2022.

SUBJECT: NRC LETTER AND NOTICE OF VIOLATION – KANAWHA SCALES & SYSTEMS, INC.

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| OFFICE | RIII-DNMS | | RIII-DNMS | | | | | | |
| NAME | ETindle-Engelmann:brt | | MKunowski | | | | | | |
| DATE | 02/4/22 | | 2/8/22 | | | | | | |

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Kanawha Scales & Systems, Inc.
Milford, Ohio

License No. OH-03214130000
Docket No. 150-00034

During a U.S. Nuclear Regulatory Commission (NRC) review of your reciprocity application conducted on January 3, 2022, with continued in-office review through January 28, 2022, one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 150.20(a) provides, in part, that any person who holds a specific license from an Agreement State is granted an NRC general license to conduct the same activity in non-Agreement States provided that the provisions of 10 CFR 150.20(b) have been met.

10 CFR 150.20(b)(1) requires, in part, that any person engaging in activities in non-Agreement States, shall, at least 3 days before engaging in each such activity for the first time in a calendar year, file a submittal containing the appropriate fee as prescribed in 10 CFR 170.31.

Contrary to the above, on January 4, 2022, Kanawha Scales & Systems, Inc., who holds a specific license from the Agreement State of Ohio to service fixed gauges containing radioactive material, conducted the same activity in Gilbert, West Virginia, and the appropriate fee had not been paid at least 3 days before. Specifically, the appropriate fee was not paid until January 6, 2022.

This is a Severity Level IV violation (NRC Enforcement Policy Section 6.3).

Pursuant to the provisions of CFR 2.201, Licensee Name is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator, Region III, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include: (1) the reason for the violation, or, if contested, the basis for disputing the violation or its severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken, and (4) the date when full compliance will be achieved. Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

Your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC Agencywide Documents Access and Management System (ADAMS), accessible from the NRC's website at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days of receipt.

Dated this 8th day of February 2022.