



~~OFFICIAL USE ONLY — SECURITY RELATED INFORMATION~~

UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
2443 WARRENVILLE ROAD, SUITE 210
LISLE, ILLINOIS 60532-4352

May 2, 2013

EA-13-091

Mr. Dan Larson, President
American Engineering Testing, Inc.
550 Cleveland Avenue North
St. Paul, Minnesota 55114

SUBJECT: NRC FOLLOW-UP INSPECTION REPORT NO. 03034637/2013001(DNMS) —
AMERICAN ENGINEERING TESTING, INC.

Dear Mr. Larson:

On April 5, 2013, with continued in-office review through April 10, 2013, the U.S. Nuclear Regulatory Commission (NRC) conducted a follow-up inspection of your facility located in Gary, Indiana. The in-office review included receipt and review of information that was unavailable during the onsite inspection, including information about a security issue. The purpose of the inspection was to determine whether your corrective actions to prevent the violations that were cited as a result of the last inspection were adequate. The enclosed report presents the results of this inspection.

During this inspection, the NRC staff examined activities conducted under your license as they relate to public health and safety, compliance with the Commission's rules and regulations, and compliance with the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, an apparent violation was identified and is being considered for escalated enforcement action 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 apparent violation involved a security failure, which is discussed in detail in the non-public inspection report (enclosed).

Since the NRC has not made a final determination in this matter, no Notice of Violation is being issued for this inspection finding at this time. The circumstances surrounding this apparent violation, the significance of the issues, and the need for lasting and effective corrective action were discussed with Greg Owens during the teleconferenced inspection exit meeting on April 10, 2013.

**Enclosure Contains Sensitive Unclassified
Non-Safeguards Information. When
separated from enclosure, this transmittal
document is decontrolled.**

~~OFFICIAL USE ONLY — SECURITY RELATED INFORMATION~~

D. Larson

- 2 -

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond in writing to the apparent violation addressed in the enclosed inspection report within 30 days of the date of this letter; (2) request a Predecisional Enforcement Conference (PEC); or (3) request Alternative Dispute Resolution (ADR). If a PEC is held, the NRC will issue a press release to announce the time and date of the conference; however, it will be closed to public observation since Security Related Information will be discussed.

Please contact Tamara E. Bloomer at 630-829-9627 within ten days of the date of this letter to notify the NRC of your intended response.

If you choose to provide a written response, it should be clearly marked as "Response to the Apparent Violation in Inspection Report No. 03034637/2013001(DNMS); EA-13-091," and should include, for the apparent violation: (1) the reason for the apparent violation, or, if contested, the basis for disputing the apparent violation; (2) the corrective steps that have been taken and the results achieved; (3) the corrective steps that will be taken to avoid further violations; and (4) the date when full compliance will be achieved. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation.

Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a PEC.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on the apparent violation and any other information that you believe the NRC should take into consideration before making an enforcement decision. The topics discussed during the conference may include the following: information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned to be taken.

In lieu of a PEC, you may also request ADR with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflicts using a neutral third party. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained neutral (the "mediator") works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable neutral mediator who has no stake in the outcome and no power to make decisions.

Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, be creative, find areas of agreement, and reach a final resolution of the issues. Additional information concerning the NRC's program can be obtained at <http://www.nrc.gov/about-nrc/altdispute-resolution.html>. The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as a neutral third party. Please contact ICR at (877) 733-9415 within ten days of the date of this letter if you are interested in pursuing resolution of this issue through ADR.

D. Larson

- 3 -

In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. In addition, please be advised that the number and characterization of the apparent violation may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with Title 10 of the Code of Federal Regulations 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. However, the enclosure contains Security-Related Information; its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the enclosure will not be made available electronically for public inspection. 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.

Please feel free to contact Robert Gattone of my staff if you have questions concerning this inspection. You can reach Mr. Gattone at 630-829-9823.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials Safety

Docket No. 030-34637
License No. 22-20271-02

Enclosure:
Inspection Report No. 03034637/2013001(DNMS)

cc w/encl: Greg Owens, RSO
State of Indiana

D. Larson

-3-

In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. In addition, please be advised that the number and characterization of the apparent violation may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with Title 10 of the Code of Federal Regulations 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. However, the enclosure contains Security-Related Information; its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the enclosure will not be made available electronically for public inspection. 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.

Please feel free to contact Robert Gattone of my staff if you have questions concerning this inspection. You can reach Mr. Gattone at 630-829-9823.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials and Safety

Docket No. 030-34637
License No. 22-20271-02

Enclosure:
Inspection Report No. 03034637/2013001(DNMS)

cc w/encl: Greg Owens, RSO
State of Indiana

DISTRIBUTION w/encl:
See next page

*see previous concurrence

ADAMS Accession Number:

DOCUMENT NAME: G:\DNMS\Work in progress\IR - american engineering testing inspection report 4-2013 (7).docx

☒ Publicly Available ☐ Non-Publicly Available ☐ Sensitive ☒ Non-Sensitive

To receive a copy of this document, indicate in the concurrence box "C" = Copy without attach/encl "E" = Copy with attach/encl "N" = No copy

OFFICE	RIII DNMS	C	RIII DNMS	C	RIII EICS	C	RIII DNMS	
NAME	RGGattone:ps*RGG		TEBloomer*TEB		SKOrth*VPL for		ATBoland*ATB	
DATE	05/01/13		05/02/13		05/02/13		05/02/13	

OFFICIAL RECORD COPY