



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

April 22, 2014

Mr. Gary Williams, Director
National Health Physics Program (115 HP/NLR)
Department of Veterans Affairs
Veterans Health Administration
2200 Fort Roots Drive
North Little Rock, AR 72114

SUBJECT: NRC INDEPENDENT INSPECTIONS OF PERMITTEES UNDER THE
DEPARTMENT OF VETERANS AFFAIRS (DVA) MASTER MATERIALS
LICENSE (MML)

Dear Mr. Williams:

The purpose of this letter is to respond to an issue you raised during the Master Materials License (MML) counterpart meeting on July 30-31, 2013 concerning Region III's implementation of NRC Inspection Manual Chapter (MC) 2810 "Master Material License Oversight and Inspection Program" dated October 11, 2012. Specifically, you wanted to know why Region III planned to schedule independent NRC inspections of permittees under the Department of Veterans Affairs (DVA) MML at a percentage that exceeded the recommendation in MC 2810.

MC 2810 establishes the NRC's oversight and inspection program for an MML and defines roles and responsibilities for the NRC MML Program Coordinator (PC) in the Office of Federal, State, Materials and Environmental Management Programs, Division of Materials Safety and State Agreements, and the regional MML Project Manager (PM). One of the regional PM's responsibilities is to select a representative number of permittees to be inspected during each MML biennial review period.

The guidance in MC 2810 states that the NRC MML PM will use a risk-informed methodology to select MML permittees for inspection. Additionally, 5 – 15 percent of the permittees should be inspected over the biennial review period, and the permittees should be selected for inspection based on inspection priority, program code, date of previous inspection, and enforcement history.

In preparing for the next biennial review period, Region III reviewed the list of current permittees under the DVA's MML and identified 31 which had never been inspected by the NRC since the MML was issued in 2003. From 2007-2011, Region III focused our inspection efforts on higher risk permittees, escalated enforcement and medical event follow-up, and inspections of permittees required to implement Increased Controls. In order to fulfill our oversight role as described in MC 2810, Region III established a goal to complete NRC inspections at these 31 facilities during the current biennial review period which ends in 2014. However, we have adjusted our schedule and plan to complete these inspections by December 31, 2016.

Consequently, we anticipate that the total number of inspections we will likely complete during the current review period, as well as the subsequent review period, will be within the range suggested in MC 2810 (5 – 15 percent of the total number of permittees during the review period).

In the future, should the number of permittees selected for NRC independent inspections exceed the percentage suggested in MC 2810, it is not a reflection on the performance of the DVA's implementation of its MML program. Rather, it should be viewed simply as an effort by the NRC to fulfill our oversight role.

During the counterpart meeting in 2013, you also expressed a concern that the conduct of these additional NRC inspections might impact the annual fees for MML's. In general, annual fees for MML's are based on the number of hours NRC staff spend each year on MML licensing and inspection activities. These activities are assessed over some periodicity to establish average annual expenditures. Conducting additional NRC inspections in any one particular year is not likely to increase the total annual fees assessed for MML's.

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's website at [http://www.nrc.gov/ reading-rm/adams.html](http://www.nrc.gov/reading-rm/adams.html).

Should you have any questions, please contact me at (630) 829-9868 or Kevin Null of my staff at (630) 829-9854.

Sincerely,

/RA/

Patricia J. Pelke, Chief
Materials Licensing Branch
Division of Nuclear Materials Safety

Docket No.: 030-34325
License No.: 03-23853-01VA

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*1 - FSME review and concurrence received via e-mail from S. Xu, FSME/DMSSA on 4/16/14.

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