



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

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

June 30, 2016

EA-15-249

Mr. Wright Alcorn
Vice President of Operations
Methodist Hospital of Gary, Inc.
8701 Broadway
Merrillville, IN 46410

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF A CIVIL PENALTY –
\$3,500; METHODIST HOSPITAL OF GARY, INC.; NRC INSPECTION REPORT
NO. 03011234/2015001(DNMS)

Dear Mr. Alcorn:

This letter refers to a U.S. Nuclear Regulatory Commission (NRC) inspection conducted October 13 - 14, 2015, at your facilities in Merrillville and Gary, Indiana, with continued in-office review through March 10, 2016. 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. The in-office review included a review of information that was unavailable during the onsite inspection. During the inspection, inspectors identified an apparent violation of NRC security requirements. The NRC discussed the significance of the issue and the need for lasting and effective corrective actions with you and your staff during the exit meeting on March 10, 2016. NRC Inspection Report No. 03011234/2015001(DNMS) dated March 28, 2016 provides details regarding the apparent violation.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report by providing a written response, requesting a Predecisional Enforcement Conference (PEC), or requesting Alternative Dispute Resolution. On April 6, 2016, Mr. Matthew Rodriguez of your staff informed Mr. Aaron McCraw that you would like to attend a PEC. During a PEC conducted on May 5, 2016, you and Mr. Rodriguez provided your perspective on the facts and corrective actions associated with the apparent violation.

Enclosures 1 and 2 contain Sensitive
Unclassified Non-Safeguards Information.
When separated from Enclosures, this
transmittal document is decontrolled.

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Based on the information developed during the inspection, and the information that you provided during the PEC, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the Notice of Violation (Notice) in Enclosure 1 (Non-Public) and the circumstances surrounding it are described in detail in the subject inspection report. The violation is of concern to the NRC for the reasons stated in Enclosure 2 (Non-public). Therefore, the violation has been categorized in accordance with the NRC Enforcement Policy as a Severity Level III.

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$3,500 is normally considered for a Severity Level III violation.

Because your facility has been the subject of escalated enforcement action within the last two inspections, the NRC considered whether credit was warranted for both *Identification* and *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. These factors can either mitigate the civil penalty to zero, or increase the civil penalty up to double the base amount.

The NRC determined that credit was not warranted for *Identification* because the inspector identified this violation during a routine inspection of your facility. In addition, the NRC determined that credit was warranted for *Corrective Action* based on your corrective actions described in Enclosure 2 (Non-public).

Therefore, to emphasize the importance of compliance with security regulations, prompt identification, and in recognition of your previous escalated enforcement action, I have been authorized, after consultation with the Director, Office of Enforcement, to issue a Notice of Violation and Proposed Imposition of Civil Penalty (Notice) in the base amount of \$3,500 (Enclosure 1) for the Severity Level III violation. In addition, issuance of this Notice constitutes escalated enforcement action that may subject you to increased inspection effort.

If you disagree with this enforcement sanction, you may deny the violation, as described in the Notice, or you may request Alternative Dispute Resolution (ADR) with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflict outside of court using a neutral third party. The technique that the NRC employs 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 ADR program can be found at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html>.

The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as a neutral third party. If you are interested in pursuing this issue through the ADR program, please contact: (1) the ICR at (877) 733-9415; and Mr. Richard Skokowski, Enforcement Officer at 630-810-4373. You may also contact both ICR and Mr. Skokowski for additional information. Your submitted signed agreement to mediate using the NRC ADR program will stay the 30-day time period for payment of the civil penalty and submission of a written response, as identified in the enclosed notice, until the ADR process is completed.

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The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation, and the date when full compliance was achieved, is adequately addressed on the docket in NRC Inspection Report No. 03011234/2015001(DNMS), dated March 28, 2016, and in Enclosure 2 of this letter. Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice. Additionally, if you choose to respond, please mark your entire response "Security Related Information – Withhold from Public Disclosure under 10 CFR 2.390." In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for any response to this letter. However, to the extent possible, your response, if any, should not include any personal privacy, proprietary, or safeguards information.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. However, because of the Security-Related Information contained in the enclosures, and in accordance with 10 CFR 2.390, copies of Enclosure 1 and 2 will not be available for public inspection.

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Additionally, Enclosures 1 and 2 must be protected from unauthorized disclosure. Security-Related Information is discussed in Regulatory Information Summary RIS-2005-031, "Control of Security-Related Sensitive Unclassified Non-Safeguards Information" (ML053480073), which is available on the NRC Web site or in ADAMS.

Sincerely,

/RA/

Cynthia D. Pederson
Regional Administrator

Docket No. 030-11234
License No. 13-16558-01

Enclosures:

1. Notice of Violation (Non-Public)
2. Final Determination of Significance (Non-Public)

cc: Matthew G. Rodriguez, RSO

cc (w/o encls): State of Indiana

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OFFICE	RIII	RIII	RIII	RIII	OE	OGC	RIII	RIII
NAME	Harvey	McCraw	Giessner	Heck	Holahan ¹	Vrahoretis ²	Skokowski	Pederson
DATE	6/6/16	6/7/16	06/13/16	06/13/16	06/23/16	06/23/16	06/ /16	06/ /16

OFFICIAL RECORD COPY

¹ OE concurrence provided by e-mail from R. Fretz dated June 23, 2016

² OGC concurrence provided by email from R. Carpenter dated June 23, 2016

Letter to Wright Alcorn from Ms. Cynthia Pederson dated June 30, 2016

SUBJECT: NOTICE OF VIOLATION – METHODIST HOSPITAL OF GARY, INC.;
NRC INSPECTION REPORT NO. 03011234/2015001(DNMS)

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