

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR NRC BYPRODUCT MATERIALS LICENSE
NUMBER 37-27891-02, SYSTEM ONE HOLDINGS, LLC**

DATE: October 25, 2016

DOCKET NO.: 030-37788

LICENSE NO.: 37-27891-02

LICENSEE: System One Holdings, LLC
12 Federal Street, Suite 205
Pittsburgh, Pennsylvania 15212

TECHNICAL REVIEWER: Scott Wilson

SUMMARY AND CONCLUSIONS

Under NRC Materials License 37-27891-02, System One Holdings, LLC is authorized to possess and use byproduct material for purposes of industrial radiography at temporary job sites in areas of exclusive Federal jurisdiction.

By letters dated August 30, 2016 (non-public document) and September 19, 2016, Agencywide Documents Access and Management System (ADAMS) Accession Nos. ML16250A508 and ML16265A019, respectively, System One Holdings, LLC (System One) requested the NRC's consent to an indirect transfer of control of the above license. Currently, All Systems Holding, LLC is the majority shareholder. After the transaction, a private equity firm, Thomas H. Lee Partners will be the majority shareholder and the parent company.

The request for consent was reviewed by NRC staff for an indirect change of control of a 10 CFR Part 30 license using the guidance in NUREG-1556, Volume 15, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated June 2016. The NRC staff finds that the information submitted by System One sufficiently describes and documents the transaction and commitments made by System One.

As required by 10 CFR 30.34, and section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, System One will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to the NRC's Web Based Licensing System (WBL), System One has been an NRC licensee since July 21, 2008. The NRC conducted inspections for safety and security at System One's main office, field office and at temporary jobsite locations on June 23, 2016, through August 19, 2016, for NRC Materials License No. 37-27891-02, and no violations of NRC requirements or license conditions were identified during the inspection. The commitments made by System One state that under the proposed transaction there are no plans to change:

- A. the radiation safety officer listed in the NRC license;
- B. the personnel involved in licensed activities;
- C. the locations, facilities, and equipment authorized in the NRC license;
- D. the radiation safety program authorized in the NRC license;
- E. the organization's name listed in the NRC license; or
- F. the maintenance of required surveillance records and decommissioning records.

The proposed new parent company for System One is not known to have majority ownership control of any other companies that maintain radioactive material licenses; however, System One possesses and maintains material licenses issued by the Commonwealth of Pennsylvania and the State of Ohio, which are NRC Agreement States. This change of control was previously authorized by those regulatory agencies regarding the material licenses for System One. The Agreement State licenses authorize the possession and use of industrial radiography equipment and sealed sources as currently authorized by the NRC license. Therefore, for security purposes, System One is considered a known entity following the guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license," September 3, 2008, revision. The purpose of this aspect of the review is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use, which System One's qualification as a known entity provides.

System One is not required to have decommissioning financial assurance based on the types and amount of material authorized in NRC Materials License No. 37-27891-02.

REGULATORY FRAMEWORK

Section 184 of the Atomic Energy Act of 1954, as amended, prohibits the transfer of control of any license unless the Commission finds that the transfer is in accordance with the Act and consents to the transfer in writing.

System One's NRC Materials License No. 37-27891-02, was issued under 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material."

10 CFR 30.34(b) states: "No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing."

As previously indicated, the staff evaluation is based on guidance in NUREG-1556, Volume 15. As discussed in NUREG-1556, Volume 15, NRC is generally using the term "change of control"

rather than the statutory term “transfer” to describe the variety of events that could require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed. System One’s request for consent describes an indirect change of control of the NRC license held by System One, resulting from a transaction between the members of All Systems Holding, LLC—System One’s direct parent—and Thomas H. Lee Partners. Following the completion of the transaction, All Systems Holding, LLC will become a direct subsidiary of Thomas H. Lee Partners, while System One will remain the direct subsidiary of All Systems Holding. As such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in the transfer application letter dated September 19, 2016, at ADAMS accession number ML16265A019. After completion of the merger, System One Holdings, LLC will continue as the licensee and remain in control of all licensed activities under NRC Materials License No. 37-27891-02. As discussed above, the NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in Appendix F of NUREG-1556, Volume 15.

TRANSFeree’S COMMITMENT TO ABIDE BY THE TRANSFEROR’S COMMITMENTS

The NRC staff finds that the information submitted by System One sufficiently describes and documents the commitments made by Thomas H. Lee Partners, and is consistent with the guidance in NUREG-1556, Volume 15.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required because this action is categorically excluded under 10 CFR 51.22(c)(14).

CONCLUSION

The NRC staff has reviewed the request for consent submitted by System One with regard to an indirect change of control of NRC Materials License No. 37-27891-02 pursuant to 10 CFR 30.34(b), consents to the proposed indirect transfer of control.

The submitted information sufficiently describes the transaction; documents the understanding of the licenses and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; and, that in the future, the licensee and its parent companies will abide by all existing commitments in the license, consistent with the guidance in NUREG-1556, Volume 15.

Therefore, the staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.