

UNITED STATES
NUCLEAR REGULATORY COMMISSION

In the Matter of

THE DIAL CORPORATION
London, Ohio

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Docket No. 999-90003
General License London Ohio
EA 96-041

ORDER IMPOSING CIVIL MONETARY PENALTY

I

The Dial Corporation (Licensee) was authorized to use licensed materials by the Nuclear Regulatory Commission (NRC or Commission) pursuant to the general license provisions in 10 CFR Part 31. The Licensee possessed and used generally licensed industrial gauging devices containing nuclear materials, principally strontium-90 and americium-241.

II

An inspection of the Licensee's activities was conducted from January 22 to February 21, 1996. The results of this inspection indicated that the Licensee had not conducted its activities in full compliance with NRC requirements. The inspection report was sent to Dial by letter dated March 12, 1996, and by letter, dated April 9, 1996, Dial responded to the apparent violation described in the inspection report. A written Notice of Violation and Proposed Imposition of Civil Penalty (Notice) was served upon the Licensee by letter dated June 18, 1996. The Notice states the nature of the violation, the provision of the NRC's requirements that the Licensee had violated, and the amount of the civil penalty proposed for the violation.

In its April 9, 1996 response to the inspection report, Dial admitted the violation had occurred. The Licensee responded to the Notice in a Reply to a

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Notice of Violation and an Answer to a Notice of Violation, both dated July 16, 1996. In the July 16, 1996 letters, the Licensee requested mitigation of the proposed civil penalty and alleged that the cover letter for the Notice was incorrect as to the Licensee's efforts to locate the source and report its loss. The NRC's responses to those allegations are contained in the Appendix to this Order.

III

Historically, uncontrolled radioactive material has resulted in radiation exposure to members of the general public, contamination in scrap yards and foundries as a result of smelting activities, and environmental contamination. In order to emphasize the importance of adequate oversight and control of radioactive material, and after consideration of the Licensee's response and the statements of fact, explanation, and argument for mitigation contained therein, the NRC staff has determined, as set forth in the Appendix to this Order, that the penalty proposed for the violation designated in the Notice should be imposed.

IV

In view of the foregoing and pursuant to Section 234 of the Atomic Energy Act of 1954, as amended (Act), 42 U.S.C. 2282, and 10 CFR 2.205, IT IS HEREBY ORDERED THAT:

The Licensee pay a civil penalty in the amount of \$2,500 within 30 days of the date of this Order, by check, draft, money order, or electronic transfer, payable to the Treasurer of the United States and mailed to Mr. James Lieberman, Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738.

V

The Licensee may request a hearing within 30 days of the date of this Order. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time must be made in writing to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission Washington, D.C. 20555, and include a statement of good cause for the extension. A request for a hearing should be clearly marked as a "Request for an Enforcement Hearing" and shall be addressed to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission Washington, D.C. 20555, with a copy to the Commission's Document Control Desk, Washington, D.C. 20555. Copies also shall be sent to the Assistant General Counsel for Hearings and Enforcement at the same address and to the Regional Administrator, NRC Region III, 801 Warrenville Road, Lisle, IL 60532-4351.

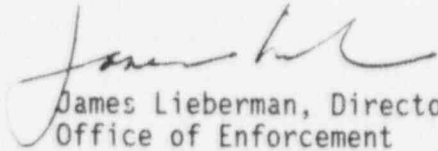
If a hearing is requested, the Commission will issue an Order designating the time and place of the hearing. If the Licensee fails to request a hearing within 30 days of the date of this Order (or if written approval of an extension of time in which to request a hearing has not been granted), the

provisions of this Order shall be effective without further proceedings. If payment has not been made by that time, the matter may be referred to the Attorney General for collection.

In the event the Licensee requests a hearing as provided above, the issues to be considered at such hearing shall be:

Whether, on the basis of the violation admitted by the Licensee, this Order should be sustained.

FOR THE NUCLEAR REGULATORY COMMISSION


James Lieberman, Director
Office of Enforcement

Dated at Rockville, Maryland
this 31st day of October 1996

APPENDIX

EVALUATION AND CONCLUSION

On June 18, 1996, a Notice of Violation and Proposed Imposition of Civil Penalty (Notice) was issued for a violation identified during an NRC inspection. The Dial Corporation (Licensee) responded to the inspection findings in a letter dated April 9, 1996. (The inspection report was mailed to the Licensee on March 12, 1996.) The Licensee replied to the Notice on July 16, 1996. In its April 9, 1996 letter, the Licensee admitted the violation. In the July 16, 1996 correspondence, the Licensee requested that the civil penalty be fully mitigated or reduced to \$730. The NRC's evaluation and conclusion regarding the licensee's requests are as follows:

Restatement of Violation

10 CFR 31.5(c)(8) requires, in part, that any person who acquires, receives, possesses, uses or transfers byproduct material in a device pursuant to a general license shall, except as provided in 10 CFR 31.5(c)(9), transfer or dispose of the device containing byproduct material only by transfer to persons holding a specific license pursuant to 10 CFR Parts 30 and 32 or from an Agreement State to receive the device.

Contrary to the above, during the approximate period 1992 to October 1995, the licensee disposed of an NDC Systems gauge containing an americium-241 sealed source of nominally 200 millicuries and this disposal was not made to a person holding a specific license pursuant to 10 CFR Parts 30 and 32 or from an Agreement State to receive the device and the exceptions in 10 CFR 31.5(c)(9) did not apply. (01013)

This is a Severity Level III violation (Supplement VI).
Civil Penalty - \$2,500.

NRC Evaluation of Licensee's Letter Dated July 16, 1996, "Reply to a Notice of Violation"

As discussed in the NRC's June 18, 1996 letter transmitting the Notice, the NRC informed the Licensee that the application of the civil penalty assessment process resulted in no monetary penalty being assessed. That letter also informed the Licensee that notwithstanding the civil penalty assessment process, a penalty was proposed under the enforcement discretion provisions in Section VII.A.1(g) of the NRC Enforcement Policy. This discretionary factor permits the proposal of a civil penalty when NRC-licensed material is lost, unless the licensee identifies and reports the loss to the NRC. The June 18, 1996 letter also indicated that discretion was being exercised because licensed material was not controlled and was currently missing.

In its July 16, 1996 letter, "Reply to a Notice of Violation," the Licensee indicates that it found part of the gauging device on October 25, 1995, initiated a prompt search for the americium-241 source on that same day, and reported the loss to the NRC on November 3, 1995 during a discussion with an NRC Inspector. However, during a November 2, 1995 discussion between the Licensee's Materials Manager and the NRC Inspector, the NRC was not informed

that the Licensee had discovered the loss on October 25, 1995. Furthermore, during a November 3, 1995 discussion, it was only as the result of a direct question from the NRC Inspector about other NRC-licensed materials in the possession of the Licensee that the Materials Manager told the Inspector that the americium-241 source was missing. Since the inspector was not specifically informed that Dial had discovered the loss on October 25, 1995, the Inspector concluded that Dial had discovered the loss on November 3, 1995.

As to reporting, the Licensee contends that a report was made within the 30 day period permitted by 10 CFR 20.2201(a)(ii). However, 10 CFR 20.2201(a)(ii) is not the applicable requirement. Rather, 10 CFR 20.2201(a)(i) is applicable and requires that a licensee must immediately notify the NRC of any stolen, lost or missing material in a quantity of 1,000 times the limit specified in 10 CFR Part 20, Appendix C. The limit specified by 10 CFR Part 20, Appendix C, for americium-241 is 0.001 microcuries. In this case, the missing americium-241 source was nominally 200 millicuries which greatly exceeds the requirement for making an immediate report to the NRC. Therefore, the Licensee was required to notify the NRC immediately upon discovery that the americium-241 source was missing.

In view of this, the NRC staff has reconsidered the application of discretion under the enforcement discretion provisions in Section VII.A.1(g) of the NRC Enforcement Policy (NUREG-1600). Although not properly reported as required, the licensee did inform the NRC of the loss. Nonetheless, this case is particularly significant. The Licensee admits that a nominal 200 millicurie americium-241 source is missing from its London, Ohio facility. The Licensee does not know the circumstances of the loss, the ultimate disposition of the material, or the possibility of any individual exposures to radiation. With the source and its probe intact and the source shutter closed, the likelihood of significant radiation exposure to Dial staff or to members of the public is minimal. However, if the source is ruptured, or otherwise not intact, (e.g., the probe is shredded or melted down with scrap materials) significant facility and environmental contamination may occur with resultant internal and external personnel radiation exposure. As a member of the group of transuranic elements, with alpha particle emissions, a physical half life of 458 years and an effective half-life in bone of about 140 years, unsealed and uncontrolled americium-241 is a significant internal radiation exposure hazard. Moreover, the fundamental cause of this incident was that the licensee possessed radioactive material and was not aware of it and did not control it.

In the view of the NRC staff, it is important to provide a strong message to licensees that it is not acceptable to possess radioactive material without appropriate controls. Given the quantity of licensed material that was lost, a civil penalty is warranted. Accordingly, pursuant to Section VII.A.1. of the Enforcement Policy, the NRC is exercising discretion by assessing a civil penalty to reflect the significance of not maintaining awareness of possession and not controlling the material.

Summary of Licensee's Request for Mitigation

The Dial Corporation (Dial) requests that the proposed civil penalty be mitigated for extenuating circumstances and as a Violation Involving Special Circumstances under NUREG-1600, Section VII.B.6. Dial indicates in its July 16, 1996, "Answer to a Notice of Violation," that the loss of the source was an inadvertent, one-time occurrence, that the loss occurred as long ago as 1992, and the loss was of limited safety significance.

Dial also contends that it was unaware of the presence of the device from the time of the asset transfer (from Purex) which occurred in 1985 until the October 25, 1995 call from OSHA. Therefore, it could not be expected to have prevented the violation.

Dial contends further that since it has no intention of possessing any licensed material in the future, a civil penalty can have no deterrent effect, and that the NRC enforcement program or goals are not served by imposing a penalty.

Finally, Dial took exception to the amount of the proposed civil penalty, contending that the amount of the penalty exceeded the \$730 that Dial estimated would be the cost to dispose of an americium-241 source.

NRC Evaluation of Licensee's Request for Mitigation

The NRC has reviewed the Licensee's request to mitigate the civil penalty pursuant to Section VII.B.6 of NUREG-1600, "Violations Involving Special Circumstances." As previously noted, the loss of the americium-241 source has potential radiation safety consequences for Dial employees and the general public. The NRC has not identified any other extenuating or special circumstances in the NRC Enforcement Policy or in Dial's response that warrants mitigation of the civil penalty.

The Licensee contends that from the time the London, Ohio, facility was purchased in 1985 from The Purex Corporation, it was unaware that it possessed licensed material until it was contacted by the Occupational Safety and Health Administration (OSHA), on October 25, 1995, and could not have been reasonably expected to prevent the violation. This contention is not supported by the evidence. On May 21, 1991, NDC Systems, the manufacturer of the americium-241 gauge, repaired the device and on May 24, 1991, returned it to Dial at the London, Ohio, facility. Furthermore, NDC analyzed a leak test sample from the americium-241 source and provided Dial with a Leak Test Certificate, dated October 10, 1991. Therefore, it is reasonable to conclude that Dial was or should have been aware of the americium-241 gauge before OSHA contacted the London, Ohio, facility about radioactive materials on October 25, 1995.

The NRC disagrees with the Licensee's contention that a civil penalty can have no deterrent effect and that the NRC's enforcement program and goals are not served by imposing a civil penalty. A civil penalty imposed for lost or

missing radioactive sources emphasizes the importance the NRC places on the control of licensed material. It encourages compliance in all licensees in a manner that deters future violations.

The Licensee stated that if a civil penalty must be imposed, a civil penalty of \$730 would be realistic because it is the amount that Dial estimates it would cost for proper disposal of the americium-241 source. The Licensee based its estimate of \$730 for disposal on the cost of disposing of two, nominally 25 millicurie (925 MBq) sources of strontium-90. The Licensee did not consider the added cost for disposing of a transuranic (americium-241). The staff contacted both the device manufacturer and an NRC-licensed waste disposal broker. The manufacturer indicated that it would cost about \$500 to have a device containing americium-241 returned for refurbishment. The waste broker estimated that it would cost approximately \$5,000 to take the americium-241 source for disposal. Consideration was therefore given to increasing the civil penalty to reflect the cost of disposal. However, in consideration of your intent not to possess radioactive material in the future, the civil penalty was not increased.

NRC Conclusion

The NRC has concluded that this violation occurred as stated and has potential safety consequences. Consequently, the proposed civil penalty in the amount of \$2,500 should be imposed. The NRC has also reconsidered the application of the enforcement discretion provisions in Section VII.A.1.(g) of the NRC Enforcement Policy. A \$2,500 civil penalty is in accordance with the discretion authorized in Section VII.A.1. of the NRC Enforcement Policy.

The Dial Corporation

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