

**ORDER BY A DESIGNATED OFFICER UNDER PARAGRAPH 37(2)(f) AND
SUBSECTION 35(1) OF THE *NUCLEAR SAFETY AND CONTROL ACT***

CNSC File 4.08.03

Unclassified

TO:

Neucel Specialty Cellulose Ltd.

WHEREAS Neucel Specialty Cellulose Ltd., hereinafter referred to as “the licensee”, holds Canadian Nuclear Safety Commission (CNSC) licence number 13919-1-22.0, issued pursuant to the *Nuclear Safety and Control Act* (the Act) which authorizes the possession, transfer, use and storage of nuclear substances and prescribed equipment;

AND WHEREAS the licensee is authorized to perform these activities at its location at 300 Marine Drive, Port Alice, British Columbia;

AND WHEREAS prescribed equipment includes radiation devices and radioactive nuclear substances in the form of sealed sources;

AND WHEREAS Cesium-137 and Strontium-90 are radioactive nuclear substances, often utilized in gauges used for industrial process control, in what are referred to as “fixed gauges”;

AND WHEREAS the licensee pursuant to CNSC licence 13919-1-22.0 is authorized to possess, transfer, use and store a variety of fixed gauges containing either Cesium-137 or Strontium-90;

AND WHEREAS the licensee’s most recent inventory submitted to the CNSC indicates that it is in possession of eight of these fixed gauges;

AND WHEREAS on February 28, 2019 the licensee’s Radiation Safety Officer indicated that these eight fixed gauges remain at the facility and remain mounted on processing equipment;

AND WHEREAS on February 28, 2019, the licensee’s Radiation Safety indicated that the licensee had informed its workers on February 27, 2019 that they are to cease all activities and are terminated at the end of this day;

AND WHEREAS on March 20, 2019, a CNSC inspection of the licensee’s location in Port Alice, British Columbia confirmed that the licensee is in possession of eight fixed gauges, and has an insufficient number of qualified workers to ensure the safety and security of its fixed gauges;

AND WHEREAS paragraph 12(1)(a) of the *General Nuclear Safety and Control Regulations* made under the *Nuclear Safety and Control Act* requires that the licensee

ensures the presence of a sufficient number of qualified workers to carry on the licensed activity safely and in accordance with the *Act* and its licence;

AND WHEREAS on March 20, 2019, a CNSC inspection of the licensee's location in Port Alice, British Columbia confirmed that there are issues with the site's security, specifically that the facility's perimeter fencing has been compromised in areas and the licensee does not have site security or management oversight;

AND WHEREAS the licensee does not have workers at its facility and therefore has failed to ensure the presence of a sufficient number of qualified workers to carry on the licensed activity safely and in accordance with the *Act*, regulations made under the *Act* and conditions of its licence;

AND WHEREAS paragraph 12(1)(c) of the *General Nuclear Safety and Control Regulations* requires that the licensee takes all reasonable precautions to protect the environment and the health and safety of persons and to maintain the security of nuclear facilities and of nuclear substances;

AND WHEREAS by leaving the physical premises open to access without any management oversight, supervision or access control, the licensee has failed to maintain the security of its facility and of its fixed gauges;

AND WHEREAS paragraph 4(a) of the *Radiation Protection Regulations* made under the *Nuclear Safety and Control Act* requires that the licensee implement a radiation protection program and shall, as part of that program, keep the equivalent dose received by persons as low as reasonably achievable through implementation of management control over work practices, personnel qualification and training, control of occupational and public exposure to radiation, and planning for unusual situations;

AND WHEREAS the licensee has failed to maintain management control over its work practices and its radiation protection program and currently has no measures to ensure that doses received by persons is as low as reasonably achievable;

AND WHEREAS paragraph 12(1)(g) of the *General Nuclear Safety and Control Regulations* requires the licensee to implement measures for alerting the licensee to the illegal use or removal of a nuclear substance, prescribed equipment or prescribed information, or the illegal use of a nuclear facility;

AND WHEREAS paragraph 12(1)(h) of the *General Nuclear Safety and Control Regulations* requires the licensee to implement measures for alerting the licensee to acts of sabotage or attempted sabotage anywhere at the site of the licensed activity;

AND WHEREAS the licensee failed to implement measures to alert them to the illegal use or removal of its fixed gauges and has failed to implement measures to alert them of any acts of sabotage or attempted sabotage anywhere at the site of its facility;

AND WHEREAS on March 15, 2019, the CNSC sent a letter to representatives of the licensee requesting the licensee to inform the CNSC on how the licensee will meet its regulatory obligations under the *Nuclear Safety and Control Act*, regulations made under

the *Act* and conditions of its licence, and that failure to respond will result in the CNSC to take regulatory action to ensure the protection of the environment, the health and safety of persons and the maintenance of national security and international obligations to which Canada is a signatory;

AND WHEREAS in the licensee's response on March 16, 2019, the licensee did not identify any immediate actions it has taken, or intends to be take, to meet its regulatory obligations;

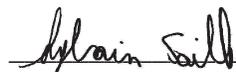
AND WHEREAS a review of records filed with British Columbia's Ministry of Finance Registry Services conducted by the CNSC on March 8, 2019 related to the licensee identified that the company remains active, is not in liquidation and no receiver has been appointed;

AND WHEREAS, taken together the circumstances demonstrate the failure of the licensee to meet its obligation to take all reasonable precautions to protect the health and safety of persons and to maintain the security of its facility and of its fixed gauges;

AND WHEREAS, pursuant to paragraph 37(2)(f) of the *Nuclear Safety and Control Act*, I am a designated officer authorized by the Commission to make any order that an inspector may make under subsection 35(1) or (2) of the *Act*.

THEREFORE, in accordance with subsection 35(1) of the *Nuclear Safety and Control Act*, I order Neucel Specialty Cellulose Ltd. to:

1. Immediately put in place measures to reinstate management oversight of its licensed activities in order to either:
 - a) implement reasonable precautions, satisfactory to the CNSC, to protect the environment and the health and safety of persons, and to maintain the security of its nuclear substances; or
 - b) transfer all nuclear substances in its possession to another person who is authorized by the CNSC to possess such nuclear substances.
2. Provide satisfactory documentation to me no later than March 29, 2019 describing how the licensee complied with (1) above.



Sylvain Faille
Designated Officer
Canadian Nuclear Safety Commission

Dated at Ottawa, Ontario, Canada this 22nd day of March, 2019.