



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
801 WARRENVILLE ROAD
LISLE, ILLINOIS 60532-4351

October 15, 1996

Mr. J. H. Miller
Vice President - Production
United States Enrichment Corporation
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: PORTSMOUTH OBSERVATION REPORT 70-7002/96005(DNMS)

Dear Mr. Miller:

This refers to the observations and reviews conducted from July 20, 1996 through September 4, 1996, of United States Enrichment Corporation activities at the Portsmouth Gaseous Diffusion Plant. Our observations were discussed with you and Messrs. Dale Allen and Ron Gaston and members of their staffs during, and at the conclusion of the observation period.

Areas reviewed during the observation period are identified in the report. Within these areas, the activities consisted of selective examinations of procedures and representative records, interviews with personnel, and observations during various shifts.

Based upon the areas observed, numerous problems were identified in the conduct of operations. Specifically, a failure to follow an Operational Safety Requirement was the result of poor log keeping, poor turnovers, inconsistent use of tagouts, and a lack of questioning attitude demonstrated by front line managers and operators. These items are of concern because they indicate a continued lack of rigor in operations.

In accordance with 10 CFR 2.790 of the Commission's regulations and the Department of Energy - Nuclear Regulatory Commission Memorandum of Understanding for the gaseous diffusion plants, a copy of this letter and the enclosed observation report will be placed in the NRC Public Document Room. We have also provided the Department of Energy (DOE) a copy of this report for their review.

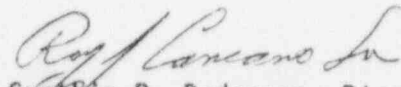
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Mr. J. H. Miller

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We will gladly discuss any questions you have concerning these observations.

Sincerely,



Cynthia D. Pederson, Director
Division of Nuclear Materials Safety

Docket No. 70-7002

Enclosure: Observation Report
No. 70-7002/96005(DNMS)

cc w/encl: S. A. Polston, Paducah General Manager
D. I. Allen, Portsmouth General Manager
R. W. Gaston, Portsmouth Nuclear Regulatory
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cc w/o encl: J. D. Jackson, DOE

bcc w/encl: A. B. Beach, RIII
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