



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
801 WARRENVILLE ROAD
LISLE, ILLINOIS 60532-4351

November 4, 1996

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

SUBJECT: PADUCAH OBSERVATION REPORT 70-7001/96005 (DNMS)

Dear Mr. Miller:

This refers to routine safety and safeguard observations conducted during the period August 20 through September 30, 1996, of United States Enrichment Corporation (USEC) activities at the Paducah Gaseous Diffusion Plant. Our observations were discussed with Mr. Steven Polston, General Manager, members of his staff, and the Department of Energy Site Safety Representatives throughout 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.

Based upon the areas observed, weaknesses were identified in your control of operations which contributed to: (1) two Technical Safety Requirement violations; (2) the temporary loss of normal product withdrawal and cascade enrichment control; and (3) rework on safety related equipment. These weaknesses are of concern because of their impact on and challenging of safety systems. Similar weaknesses were identified in NRC Observation Report 70-7001/96004.

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 appropriate NRC Public Document Rooms. We have also provided the Department of Energy (DOE) a copy of this report for their review.

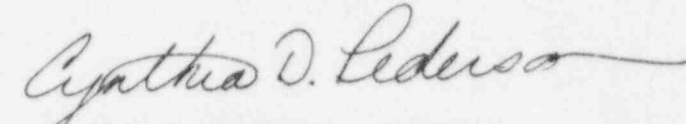
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Mr. J. H. Miller

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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. 70-7001

Enclosure: Observation Report
No. 70-7001/96005(DNMS)

cc w/encl: S. A. Polston, Paducah General Manager
W. E. Sykes, Paducah Regulatory Affairs Manager
D. I. Allen, Portsmouth General Manager
M. L. Horn, Project Manager, NMSS
Paducah Resident Inspector Office
Portsmouth Resident Inspector Office

cc w/v encl: J. D. Jackson, DOE