

OCT 18 1985

Docket No. 70-36

Combustion Engineering, Inc.
ATTN: Mr. H. V. Lichtenberger
Vice President
Manufacturing
Nuclear Power Systems
Windsor, CT 06095

Gentlemen:

This refers to the routine safeguards inspection conducted by Mr. T. J. Madedo and Ms. G. M. Christoffer of this office, Mr. D. A. Huff of the Office of Inspection and Enforcement and several contractor personnel from Battelle Pacific Northwest Laboratories between July 29 and August 30, 1985, of activities at the Combustion Engineering Hematite Plant authorized by NRC Special Nuclear Materials License No. SNM-33 and to the discussion of our findings with Mr. J. A. Rode and other members of his staff at the conclusion of the inspection.

The enclosed copy of our inspection report identifies areas examined during the inspection. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations, and interviews with personnel. In addition, as part of the inventory verification, the selection of 96 samples were submitted to the New Brunswick Laboratory for analysis. An addendum to the enclosed inspection report will be issued following receipt of analytical results from the New Brunswick Laboratory. The addendum will include an evaluation of the submitted results.

During this inspection, certain of your activities appeared to be in noncompliance with NRC requirements, as specified in the enclosed Appendix. A written response is required. In addition, your staff was requested and agreed to conduct a full and comprehensive audit of the Material Control and Accounting Program at the Hematite Plant to provide assurance that the program is being adequately implemented. The commitments are addressed in Section 5 of the Report Details. We request that you notify this office if our understanding of your commitments is incorrect.

We also request that you provide a written response, within 30 days of receipt of this report, to our findings identified in Section 5.a. of the Report Details regarding the strengthening of the effectiveness of your management program as it relates to your material control and accounting program.

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ATTACHMENT CONTAINS
10 CFR 2.790(d) INFO

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Areas examined during this inspection concern a subject matter which is exempt from disclosure according to Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Consequently, the enclosure to this letter, our report of this inspection, and your response to the noncompliance identified in the enclosure to this letter will not be placed in the Public Document Room. Therefore, your statement of corrective action regarding the noncompliance identified in the enclosure should be submitted as a separate enclosure to your transmittal letter.

The responses directed by this letter (and the accompanying Notice) are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

We will gladly discuss any questions you have concerning this inspection.

Sincerely,

Jack A. Hind, Director
Division of Radiation Safety
and Safeguards

Enclosures:

1. Appendix, Notice
of Violation
2. Inspection Report
No. 70-36/85002(DRSS)
(PART 2.790(d) INFORMATION)

cc w/enclosures:

J. A. Rode, Plant Manager
DMB/Document Control Desk (RIDS)

ATTACHMENT CONTAINS
10 CFR 2.790(d) INFO

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