



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

January 13, 1997

EA No. 96-538

B&W Fuel Company
Commercial Nuclear Fuel Plant
ATTN: Mr. Charles W. Carr, Vice President
Manufacturing and Field Services
P.O. Box 11646
Lynchburg, VA 34506-1646

SUBJECT: NRC INSPECTION REPORT NO. 70-1201/96-202

Dear Mr. Carr:

This refers to the Special Inspection Team (SIT) inspection conducted by the Nuclear Regulatory Commission (NRC) at the B&W Fuel Company facility in Lynchburg, Virginia on November 13-15, 1996. The special inspection included a review of circumstances that led to the reported event on November 13, 1996, of an unaccounted for low-enriched fuel assembly. At the conclusion of this inspection, the findings were discussed with you and those members of your staff identified in the enclosed report. A Confirmatory Action Letter and its addendum were also sent to you on November 20 and December 3, 1996.

Areas examined during the SIT inspection are identified in the report. Within these areas, the inspection consisted of interviews with personnel, observations of activities in progress, walk-throughs by your staff, and selective examination of procedures and representative records.

Based on the results of this inspection, six apparent violations were identified and are being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedures for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600. We are concerned about the apparent violations of NRC requirements because they involved deficiencies in several program areas, including material control and accounting, transportation, radiation protection, operations, and management oversight of licensed activities. Accordingly, no Notice of Violation is presently being issued for these inspection findings. In addition, please be advised that the number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review.

A closed pre-decisional enforcement conference to discuss these apparent violations has been scheduled for January 27, 1997, at 1:00 p.m. in the NRC Headquarters Office. The decision to hold a pre-decisional enforcement conference does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference is being held to obtain information to enable the NRC to make an enforcement decision, such as common understanding of the facts, root causes, missed opportunities to identify the apparent violations sooner, corrective actions, significance of the issues and the need for lasting and effective corrective action. In addition, this is an opportunity for you to point out any errors in our inspection report and for you to provide any information concerning your perspectives on 1) the severity of the violations, 2) the applications of the

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factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VII.B.2 of the Enforcement Policy, and 3) any other application of the Enforcement Policy to this case, including the exercise of discretion in accordance with Section VII.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding the apparent violations being considered for enforcement action is required at this time.

Under the provisions of Section 2.790(d), reports containing information related to a licensee's material control and accounting (MC&A) program are exempt from public disclosure. Accordingly, Enclosure 1 will not be placed in the Public Document Room.

Should you have any questions concerning this letter, please contact us.

Sincerely,
Elizabeth Q. Ten Eyck, Director (Original /s/ by)
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket No. 70-1201

License No. SNM-1168

Enclosures: 1. Inspection Report 96-202
2. General Statement of Policy and Procedures for NRC Enforcement Actions (NUREG-1600)
3. NRC Information Notice 96-28, "Suggested Guidance Relating To Development And Implementation of Corrective Action"

cc w/ Enclosure 1:

Ms. Gayle F. Elliott, Manager
Safety and Licensing, B&W Fuel Company

Mr. Richard W. Boyle
Office of Hazardous Materials Technology
U.S. Department of Transportation
400 Seventh Street, S.W., Washington, D.C. 20590-0001

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