



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
801 WARRENVILLE ROAD
LISLE, ILLINOIS 60532-4351

February 11, 1997

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

SUBJECT: PADUCAH OBSERVATION REPORT 70-7001/96007(DNMS)

Dear Mr. Miller:

This refers to routine safety and safeguard observations conducted during the period November 19, 1996 through January 6, 1997, 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.

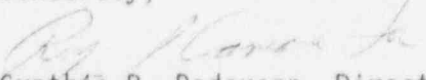
Areas reviewed during the observation period are identified in the report. Within these areas, the activities consisted of selective examinations of procedures and representative records, interviews with personnel, and observations.

Based upon the areas observed, improvements were noted in your implementation of some plant processes. However, recent examples of inappropriate operability determinations, inadequate resolution of surveillance anomalies, incomplete engineering evaluations, and inadequate Plant Operations Review Committee reviews, were identified. These appeared to be the result of non-rigorous management and staff implementation of the associated processes and their requirements.

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.

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. 70-7001/96007(DNMS)

See Attached Distribution

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PDR ADOCK 07007001
C PDR

J. Miller

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Distribution

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/o encl: R. M. DeVault, DOE