

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

November 27, 1996

SUBJECT: PADUCAH OBSERVATION REPORT 70-7001/96-203

Dear Mr. Miller:

Enclosed for your information is a report on the Nuclear Regulatory Commission (NRC) review of the special nuclear physical inventory verification follow-up review conducted at the Paducah Gaseous Diffusion Plant (PGDP) from October 28-30, 1996. Staff from USEC Nuclear Regulatory Affairs, Lockheed Martin Utility Services, and DOE Site Safety were appraised of NRC observations during and at the conclusion of the review. We have also provided a copy of this report to Mr. Dale Jackson of DOE.

During the review, NRC examined the Material Control and Accounting (MC&A) procedures, verified representative MC&A records, and interviewed personnel from the MC&A and Nuclear Materials Engineering departments. The review will enable NRC to establish a baseline inventory which will be used, along with monitoring of inventory adjustments, to provide confidence in the book inventory when NRC assumes regulatory oversight responsibilities.

Under the provisions of 10 CFR 2.790, information concerning a licensee's MC&A program is exempt from public disclosure. Accordingly, the enclosure to this correspondence will not be placed in the public document room.

Sincerely,
(Original signed by)
Philip Ting, Chief
Fuel Cycle Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket No. 70-7001

Enclosure: Observation Report No. 70-7001/96-203

cc w/encl: J. H. Miller, USEC

S. A. Polston, Paducah General Manager

D. I. Allen, Portsmouth General Manager

S. Cowne, Nuclear Regulatory Affairs

J. Bracey, Manager, Nuclear Material Control
and Accountability

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

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