December 21, 2001

Mr. J. M. Brown
Vice President - Operations
United States Enrichment Corporation
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: PORTSMOUTH INSPECTION REPORT 07007002/2001-009(DNMS)
AND NOTICE OF VIOLATION

Dear Mr. Brown:

On December 4, 2001, the NRC completed a routine resident inspection at the Portsmouth Gaseous Diffusion Plant. The NRC also performed a protection of classified matter inspection of your Headquarters facility located in Bethesda, Maryland on September 28, 2001, and reviewed a security incident that occurred there on October 4, 2001. The purpose of the inspections was to determine whether activities authorized by the certificate were conducted safely and in accordance with NRC requirements. At the conclusion of the inspection, the inspectors discussed the findings with members of your staff.

Areas examined during the 6-week inspection period are identified in the report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, interviews with personnel, and observations of activities in progress.

Based on the results of the inspection, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation, and the surrounding circumstances are described in detail in the enclosed report. The violation is of concern because of a lack of rigor in controlling classified information as required by your Classified Matter Plans. The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned, and the date when full compliance will be achieved is already adequately addressed in the enclosed inspection report. Therefore, you are not required to respond to the violation unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed notice.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure(s) will be available electronically for public inspection in the NRC Public Document Room or from the *Publicly Available Records (PARS) component of NRC's document system (ADAMS)*. *ADAMS is accessible from* the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

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

Sincerely,
/RA by M. Phillips acting for/

Patrick L. Hiland, Chief
Fuel Cycle Branch

Docket No. 07007002
Certificate No. GDP-2

Enclosures: 1. Notice of Violation
2. Inspection Report 07007002/2001-009(DNMS)

cc w/encl: P. D. Musser, Portsmouth General Manager
P. J. Miner, Manager, Nuclear Regulatory Affairs
R. Starkey, Paducah General Manager
S. A. Toelle, Director, Nuclear Regulatory Affairs, USEC
Portsmouth Resident Inspector Office
Paducah Resident Inspector Office
R. M. DeVault, Regulatory Oversight Manager, DOE
S. J. Robinson, Portsmouth Site Manager, DOE
J. R. Williams, State Liaison Officer

Distribution:
Docket File w/encls
PUBLIC IE-07 w/encls
G. Mulley, OIG w/encls
E. Leeds, NMSS w/encls
C. Haney, NMSS w/encls
W. Schwink, NMSS w/encls
J. Giitter, NMSS w/encls
W. Troskoski, NMSS w/encls
M. Mclaughlin, NMSS w/encls
D. Martin, NMSS w/encls
J. K. Everly, ADM/DFS
L. M. Numkin, ADM/DFS
J. L. Caldwell, RIII w/encls
C. D. Pederson, RIII w/encls
RIII Enf. Coordinator w/encls
R. Bellamy, RI w/encls
EJM, RII w/encls
D. B. Spitzberg, RIV w/encls

DOCUMENT NAME: C:\Program Files\Adobe\Acrobat 4.0\PDF Output\Ports2001-009.wpd

To receive a copy of this document, indicate in the box:"C" = Copy without enclosure "**E**"= Copy with enclosure"**N**"= No copy

OFFICE	RIII		RIII					
NAME	Phillips:js		Hiland					
DATE	12/ /01		12/ /01					

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

United States Enrichment Corporation
Portsmouth Gaseous Diffusion Plant

Docket No. 07007002
Certificate No. GDP-2

During an NRC inspection conducted from October 23, 2001, through December 4, 2001, a violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, Revision 1, the violation is listed below:

10 CFR Part 95.25 requires, in part, that classified matter, while unattended and not in actual use, be stored in an authorized safe, steel file cabinet, or safe-type steel file container.

10 CFR Part 95.31 requires, in part, that whenever protective personnel are used to protect classified information they shall possess a "Q" access authorization for access to Secret Restricted Data.

10 CFR Part 95.37 requires, in part, that classified information generated or possessed must be appropriately marked.

Contrary to the above:

A. On October 4 and 5, 2001, a USEC Headquarters employee who did not possess a "Q" access authorization gained access to Secret Restricted Data and did not store the document in a container authorized for classified storage while the document was unattended and not in use.

B. On October 3, 2001, the inspectors identified that copies of an internal Portsmouth Plant security memo that contained classified information regarding locations and times needed to perform patrols were not appropriately marked and stored in a container authorized for classified storage while the documents were unattended and not in actual use.

This is a Severity Level IV violation (Supplement III). **(VIO 07007002/2001-009-01)**

The NRC has concluded that information regarding the reasons for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance will be achieved are already adequately addressed in the enclosed Inspection Report. Therefore, a specific response to the violation is not required. However, you are required to submit a written statement or explanation, pursuant to 10 CFR 76.70, if the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with a copy to the Regional Administrator, Region III, and a copy to the NRC Resident Inspector at Portsmouth, within 30 days of the date of the letter transmitting this Notice of Violation (Notice).

If you contest this enforcement action, you should also provide a copy of your response, with the basis for denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555-0001.

Because your response will be placed in the NRC Public Electronic Reading Room (PERR), to the extent possible, it should not include any personal privacy, proprietary, classified, or safeguards information so that it can be placed in the PERR without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the basis for your claim of withholding (for example, explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If classified or safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 21st day of December 2001

U.S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No:	07007002
Certificate No:	GDP-2
Report No:	07007002/2001-009(DNMS)
Facility Operator:	United States Enrichment Corporation
Facility Name:	Portsmouth Gaseous Diffusion Plant
Location:	3930 U.S. Route 23 South P.O. Box 628 Piketon, OH 45661
Dates:	October 23, 2001, through December 4, 2001
Inspectors:	David J. Hartland, Senior Resident Inspector Stephen R. Caudill, Resident Inspector J. K. Everly, Senior Facilities Security Specialist L. M. Numkin, Senior Computer Security Specialist
Approved By:	Patrick L. Hiland, Chief Fuel Cycle Branch Division of Nuclear Materials Safety

EXECUTIVE SUMMARY

United States Enrichment Corporation
Portsmouth Gaseous Diffusion Plant
NRC Inspection Report 07007002/2001-009(DNMS)

Operations

The inspectors identified that the pressure for a space recorder signal can was allowed to drift below the intended operating limit during the operating shift due to a procedural weakness. The safety significance was minimal as operation of the space can at the lower pressure did not result in emissions above procedural limits. The conclusion was based on a review of space recorder data and lab results of samples taken during the shift. Plant staff initiated appropriate action to revise the affected procedures to require periodic checks of the can pressure. (Section O1.1)

Maintenance

The inspectors determined that plant staff took appropriate compensatory action in response to the High Pressure Fire Water System valve failure. The inspectors will use the 30-day event report to track plant staff's root cause investigation and corrective actions. (Section M1.1)

Engineering

The inspectors concluded that plant staff took appropriate and timely action in response to notification of uranium hexafluoride (UF_6) cylinder valve defects by the vendor. Plant staff made a conservative decision to allow the use of only those valves that had passed liquid penetrant testings. (Section E1.1)

Plant Support

One violation was identified regarding the mishandling and improper storage of classified documents during the inspection of classified matter at USEC Headquarters. The inspectors determined that USEC Headquarters staff took appropriate corrective action in response to the violation. Otherwise, the inspectors concluded that USEC Headquarters staff were properly implementing the requirements for storage and control of classified matter, classification, secure telecommunication, and computer security requirements contained in the USEC Headquarters' Classified Matter Plan. (Section S1.1)

Report Details

I. Operations

O1 Conduct of Operations

O1.1 Space Can Pressure Control

a. Inspection Scope (88100)

The inspectors observed cold-trapping operations in the Building X-333 cold recovery area.

b. Observations and Findings

On November 30, during a routine tour of Building X-333, the inspectors observed various cold recovery operating parameters for compliance with procedural and other certificate limits. One such parameter was space recorder signal can pressure. The space recorder was an ionization chamber instrument which measured and recorded uranium hexafluoride (UF_6) vent concentrations. The signal can pressure affected the amount and rate of gas pulled through the chamber, which was then analyzed for parts per million of UF_6 released through the building vent. An incorrect amount or rate of gas in the can could have affected the accuracy of the measurement.

During discussion with an operator, the inspectors determined that the can pressure was normally maintained at 10 pounds per square inch atmosphere (psia) during space recorder operation. The inspectors observed that one of the in-service space recorders was reading only about 6 psia and informed the operator, who attempted to increase the pressure back to the 10 psia range but was unsuccessful. The inspectors then discussed the matter with the on-duty First Line Manager, who decided to stop cold trapping operations pending an evaluation of the situation.

During followup, the inspectors noted a weakness in that Step 8.5.1.C of Procedure XP4-CO-CA2527, “Operation of the X-333 Space Recorders,” required the operator, at the start of each shift, to ensure that the relevant in-service space recorder signal can pressure controller was set to between 9-11 psia but did not require periodic monitoring of the pressure during the shift. As immediate corrective action, plant staff intended to revise applicable procedures to require hourly checks of the signal can pressure when cold trapping was in progress. The procedures were also reviewed for consistency, given that the operations were substantially identical for each cascade building. Some other minor inconsistencies were identified among the operating parameters.

Upon further evaluation, plant staff determined that the pressure drop was apparently due to low surge drum pressure, which should have been offset by the space recorder vacuum pump. Plant staff stated that the pumps had become worn due to age, thus decreasing their effectiveness to hold the pressure in the 10 psia range when drum pressure was low. Engineering staff performed an analysis which concluded operation of the space can at the lower pressure did not result in emissions above procedural limits. The conclusion was based on a review of space recorder data and lab results of samples taken during the shift.

c. Conclusions

The inspectors identified that the pressure for the space recorder signal can was allowed to drift below the intended operating limit during the operating shift due to a procedural weakness. The safety significance was minimal as operation of the space can at the lower pressure did not result in emissions above procedural limits. The conclusion was based on a review of space recorder data and lab results of samples taken during the shift. Plant staff initiated appropriate action to revise the affected procedures to require periodic checks of the can pressure.

Miscellaneous Operations Issues

O8.1 Certificatee Event Reports (90712)

The certificatee made the following operations-related event reports during the inspection period. The inspectors reviewed any immediate safety concerns indicated at the time of the initial verbal notification, and they will evaluate the associated written reports for the events following submittal, as applicable.

Number	Date	Status	Title
38451	10/31/01	Open*	Safety System Failure; during performance of underground distribution loop testing, a sectional isolation valve restricted flow to a portion of the Building X-326 High Pressure Fire Water System (HPFWS).
38485	11/08/01	Open	Safety System Failure; during surveillance testing, the Building X-760 Criticality Accident Alarm System (CAAS) nitrogen horn failed to sound as designed.

*Discussed in Section M1.1

O8.2 Bulletin 91-01 Reports (97012)

The certificatee made the following report pursuant to Bulletin 91-01 during the inspection period. The inspectors reviewed any immediate Nuclear Criticality Safety (NCS) concerns associated with the report at the time of the initial verbal notification. Based on the inspectors review of the event, the event is considered closed unless otherwise noted.

Number	Date	Title
38516	11/26/01	24-Hour Report - NCS violation; two unfavorable geometry cardboard boxes were discovered in the Building X-326 seal exhaust station.

II. Maintenance

M1 Conduct of Maintenance Activities

M1.1 Fire Water Valve Found Closed

a. Inspection Scope (88102)

The inspectors reviewed the circumstances and plant staff's response to a reportable event which occurred on October 31, where an hign pressure fire water system (HPFWS) section isolation valve which should have been open was discovered to be broken in the closed position.

b. Observations and Findings

On October 31, 2001, during a flow test of the HPFWS piping loops, plant staff observed that the differential pressure across section isolation valve number (No.) 721 was less than the required 125 pounds per square inch gauge (psig). This resulted in Building X-326 sprinkler system numbers 434 through 497 being incapable of meeting operability requirements. Plant staff immediately declared the entire Building X-326 sprinkler systems inoperable, opened the other section isolation valves which had been closed for loop testing, and subsequently tested individual sprinkler risers to ensure that the normal system pressure was restored.

Plant staff's troubleshooting determined that the No. 721 valve disk was closed, although the mechanical and electrical position indicators showed this valve to be open. One of two carbon steel pins which connected the reach rod to the handwheel and bevel gear mechanisms was broken. The broken pin allowed the handwheel to rotate and move the position indicator without turning the gears to open or close the valve.

On November 28, 2001, the inspectors followed up by observing the postponed HPFWS flow tests and observed that plant staff took appropriate compensatory actions, including declaring relevant sprinkler systems inoperable prior to conducting the test and opening the section isolation valve vaults to observe the gears being turned by the handwheels. During review of the test procedure, the inspectors noted a weakness in that only a single sign-off existed for verifying that the affected valves were returned to the open position. In response, plant staff intended to add a second verification to the sign-off sheet. Lastly, since HPFWS piping was tested for friction loss during the flow test, the inspectors verified the correctness of friction loss coefficient calculations, and also verified that these were within acceptable limits.

The inspectors also reviewed maintenance packages associated with the No. 721 valve, and discussed with utilities staff any maintenance done on the valve or nearby piping sections. The last time the No. 721 valve was exercised was during annual HPFWS valve preventive maintenance on August 15, 2000. The HPFWS maintenance logbook listed no maintenance on the Building X-326 loop since August 23, 2000. Thus, the system was never rendered inoperable until the test was performed because the system had two water sources, and valve no. 721 only affected one of the sources. This minimized the safety significance of the event. The inspectors will use the 30-day event report to be submitted to track plant staff's root cause investigation and corrective actions.

c. Conclusions

The inspectors determined that plant staff took appropriate compensatory action in response to the HPFWS valve failure. The inspectors will use the 30-day event report to track plant staff's root cause investigation and corrective actions.

III. Engineering

E1 Conduct of Engineering

E1.1 Cylinder Valve Defects

a. Inspection Scope (88100)

The inspectors reviewed actions taken by plant staff in response to notification by a vendor of defects in UF_6 cylinder valves.

b. Observations and Findings

In December 2000, the vendor who provided UF_6 cylinder valves to the Portsmouth facility made a notification to the NRC per 10 CFR Part 21 regarding defects in some valves. The defect involved cracking on packing nuts on 1-inch valves of specific heat lots that were detected by visual inspection. The cause of the defects was apparently due to deficiencies in the heat treatments performed during material processing as required by the applicable American Society for Testing and Materials (ASTM) specification. The potential safety significance of the defect was that the nuts acted as a primary pressure boundary when the valves were open and failure of a nut on a cylinder could have resulted in a UF_6 release. In response to the notification, plant staff took appropriate and timely action to prevent any of the affected valves from being put in service.

Subsequently, in October 2001, the vendor notified Portsmouth that additional heat codes had been rejected after performing more sensitive liquid penetrant testing (PT) that was not required by the ASTM specification. Plant staff determined that all valves received since December 2000 had passed PTs but that it was unknown if valves received before then would have passed the PT. In response, plant staff performed an operability evaluation, dated October 5, 2001, that concluded that the cylinder valves received before December 2000 would have performed their intended safety function.

The basis for this conclusion was there had been no known failures of the packing nuts that were attributed to the defect. In addition, the packing nuts provided secondary containment when the valves were closed and were only open for comparatively short periods of time during sampling or transfer operations. Plant staff determined that in the unlikely event that a nut failed with the valve open, only a small leak would result due to close fitting valve stem threads and packing washers. However, on November 28, upon further review, plant staff restricted for use only those valves that had successfully passed PTs.

c. Conclusions

The inspectors concluded that plant staff took appropriate and timely action in response to notification of UF_6 cylinder valve defects by the vendor. Plant staff made a conservative decision to allow the use of only those valves that had passed PTs.

E8 Miscellaneous Engineering Issues

E8.1 (Closed) VIO 70-7002/2000-006-01C: Failure to promptly identify and correct a condition adverse to quality regarding calibration of instrumentation required to ensure compliance with the Technical Safety Requirements (TSRs). Plant staff determined that the root cause was that no "cross-cut" review was performed of how TSRs for one building would be affected by instrumentation in a different building when the instrument calibration issue was previously raised. As corrective action, plant staff reviewed the TSRs to identify instrumentation that required calibration and then performed those calibrations. The inspectors have no further issues and this item is closed.

E8.2 (Closed) VIO 70-07002/99014-01: Failure to document a surveillance plan to verify operability of flow diversion system conductivity cells in Building X-705 that indicated an error message. The surveillance plan document was required by the Nuclear Criticality Safety Approval. Plant staff determined that the root cause was that the procedural guidance was not specific enough to ensure appropriate software documentation. Verbal direction given at the time indicated that an error message was assumed to be due to low conductivity if the other probes were reading low. As corrective action, plant staff implemented a design change to enable the system to actuate in the divert mode in the event that two of three conductivity probes registered an error code. Staff also reviewed other software applications plant-wide and no other deficiencies were identified. The inspectors have no further issues and this item is closed.

IV. Plant Support

S1 Conduct of Security and Safeguards Activities

S1.1 September 28, 2001, USEC Headquarters Inspection

a. Inspection Scope (81820)

Areas examined during the classified matter inspection covered the commitments contained in the USEC Headquarters Classified Matter Plan (CMP). The inspection centered on detailed reviews of four core areas of the CMP: storage and control of classified matter (e.g., security containers, maintenance of classified combinations, and intrusion alarm systems); classification (e.g., proper marking of and accounting for classified material); telecommunication of classified information (e.g., protection of classified information transmitted as facsimiles and accounting for secure telephone unit (STU-III)); and computer security.

b. Observations and Findings

Storage and Control of Classified Matter

The inspectors examined methods for storing and controlling classified matter to ensure compliance with the requirements contained in the USEC Headquarters CMP. The inspection included a review of classified mail procedures; documentation involving security containers within the secure room; and an intrusion alarm system.

Storage of classified matter at USEC Headquarters was limited to three classified security containers located within Room 691. While examining this room, the inspectors were able to confirm that the requirements of Standard Form 700, "Security Container Information," and Standard Form 702, "Security Container Check Sheets," for the three containers were being implemented in accordance with the requirements contained in the approved CMP.

The inspectors were also able to confirm that the intrusion alarm system for Room 691 was functioning properly. An alarm test was conducted during the inspection and the private company that monitored the alarm system notified the Facility Security Officer (FSO) via fax that the alarm was received. The local audible annunciator at the entrance to Room 691 properly activated as well during the alarm test.

With respect to the procedures for receipt and sending of classified mail, the inspectors verified USEC's classified mailing address by visiting the post office where the classified post office box was located. During the inspection, the inspectors were also able to verify that only "Q"-cleared USEC personnel handled incoming and outgoing classified mail.

However, on October 5, 2001, USEC verbally notified the NRC inspectors that on the previous day, a "Q"-cleared USEC Headquarters employee gave four copies of a classified document marked "Secret-Restricted Data" to an uncleared individual who then stored the classified documents overnight in a locked file drawer that was not approved for classified storage. In addition, the following day, the uncleared individual left the four classified documents unattended in a car that was parked in a public parking lot for approximately one hour.

In a letter to the NRC dated November 8, 2001, USEC staff reported the incident to the NRC as required by 10 CFR 95.57. USEC Headquarters confirmed that there was no compromise of classified matter as a result of the incident. In addition, as corrective action, the individuals involved were counseled on the requirements that classified documents were to be handled only by cleared individuals and must be stored in approved security containers. In addition, the FSO agreed to process all classified mailings until there was confidence that other cleared individuals fully understood and would comply with the requirements for handling classified information.

10 CFR Part 95.25 requires, in part, that classified matter, while unattended and not in actual use, be stored in an authorized safe, steel file cabinet, or safe-type steel file container. In addition, 10 CFR Part 95.31 requires, in part, that whenever protective personnel were used to protect classified information they shall possess a "Q" access authorization for access to Secret Restricted Data. Contrary to the above, on October 4 and 5, 2001, a USEC Headquarters employee who did not possess a "Q" access

authorization gained access to Secret Restricted Data and did not store the document in a container authorized for classified storage while the document was unattended and not in use. This is a **violation. (VIO 07007002/2001-009-01A)**

Classification

The inspectors examined methods for classifying and marking information to ensure compliance with the commitments contained in the approved USEC Headquarters CMP and appropriate executive order. The inspectors specifically reviewed the procedures for classifying information, preparation of classified documents for transmittal, classification guidance, and classified marking stamps.

Through discussions and observations, the inspectors were able to confirm that USEC Headquarters was equipped with the proper classified document cover sheets and most marking stamps required for the preparation and handling of classified documents. However, the inspectors determined that some marking stamps being used were obsolete. The inspectors discussed the findings with the USEC Headquarters FSO who initiated appropriate action to acquire the proper marking stamps.

The inspectors also verified that USEC Headquarters continued to provide NRC Form 790, “Classification Record,” to the NRC when a USEC authorized derivative classifier generated a classified document or when the classification of a document was changed or was declassified.

Telecommunication of Classified Information

The inspectors examined secure telecommunications requirements and equipment to ensure that classified matter was being adequately protected while being telecommunicated. The inspectors reviewed communications security (COMSEC) equipment and its associated physical security controls. A review of the telecommunications of classified information program consisted of an interview with the USEC Headquarters COMSEC Custodian and reviews of procedures and observations of COMSEC holdings.

The inspectors were able to verify that the STU-III secure telephone with fax capability was being handled and operated in accordance with the requirements contained in the approved USEC Headquarters CMP. However, at the time of the inspection, the STU-III had not yet been relocated to Room 691 as documented in the CMP equipment and location list. In response, the FSO initiated appropriate action to have the STU-III relocated to Room 691. The inspectors also confirmed that the encrypted keys used in connection with the STU-III were being secured in a classified storage container within Room 691.

Computer Security

The inspectors examined methods for processing classified data on designated stand-alone desktop and laptop computers to ensure that data being processed on them was protected in accordance with USEC Headquarters CMP requirements.

The inspectors reviewed the Computer Security Program to ensure that there were measures in place to control access by USEC personnel to the classified stand-alone

computers and to protect classified data being processed on the classified stand-alone computers. USEC Headquarters currently had one stand-alone desktop computer and one stand-alone laptop computer for processing classified information up to and including Secret-Restricted Data. The entire laptop and hard drive from the desktop were stored in a security container within the alarmed Room 691. Access to both computers was controlled by limiting the number of personnel who could access the alarmed room and security container.

The inspectors confirmed that the two computers met the six-inch separation requirement of classified computers from unclassified systems/equipment (i.e., telephones, fax machines, modems, etc.). Both computers met the computer security requirements contained in the USEC Headquarters CMP except that none of the computer's hardware or classified media was marked with proper classification labels. This issue was discussed with the FSO who initiated appropriate action to acquire the proper classification labels and affix them to the classified computer hardware/media as required.

c. Conclusions

One violation was identified regarding the mishandling and improper storage of classified documents. The inspectors determined that USEC Headquarters staff took appropriate corrective action in response to the violation. Otherwise, the inspectors concluded that USEC Headquarters staff were properly implementing the storage and control of classified matter, classification, secure telecommunication, and computer security requirements contained in the USEC Headquarters CMP.

P8 Miscellaneous Plant Support Issues

P8.1 (Closed) URI 7007002/2001-008-06: Inspectors review of plant staff's investigation into an October 3, 2001, security incident. On that date, the inspectors identified that copies of an internal plant security memo that discussed locations and time needed to perform patrols may have included classified information. The inspectors brought this to the attention of plant security management, who confirmed that the memo contained uncontrolled classified information.

As immediate corrective action, plant staff collected all copies of the memo that had been distributed and ensured that the affected computer did not contain classified information. Plant staff's investigation concluded that there was no compromise of the classified information. As corrective action, security management offered to train interested officers as Authorized Derivative Classifiers as well as provide review of any questionable documents prepared.

10 CFR Part 95.25 required, in part, that classified matter, while unattended and not in actual use, be stored in an authorized safe, steel file cabinet, or safe-type steel file container. In addition, 10CFR Part 95.37 required, in part, that classified information generated or possessed must be appropriately marked. Contrary to the above, on October 3, 2001, the inspectors identified that copies of an internal Portsmouth Plant security memo that contained classified information regarding locations and times needed to perform patrols were not appropriately marked and stored in a container authorized for classified storage while the documents were unattended and not in actual use. This is a **violation (VIO 07007002/2001-009-01B)**.

V. Management Meetings

X1 Exit Meeting Summary

The inspectors presented the inspection results to members of the facility management on December 4, 2001. The facility staff acknowledged the findings presented and indicated concurrence with the facts, as stated. The inspectors asked the plant staff whether any materials examined during the inspection should be considered proprietary. No proprietary information was identified.

PARTIAL LIST OF PERSONS CONTACTED

United States Enrichment Corporation

* S. Toelle, Director, Nuclear Regulatory Affairs, USEC Headquarters (Via Telephone)
  P. Musser, General Manager
* J. Anzelmo, Plant Services Manager
* D. Couser, Training Manager
* L. Cutlip, Engineering Manager
  D. Fosson, Operations Manager
* S. Fout, Transfer and Shipping Plant Manager
  R. Lawton, Nuclear Safety & Quality Manager
* P. Miner, Nuclear Regulatory Affairs Manager
* M. Wayland, Maintenance Manager
  R. Winegar, Cold Standby Program Manager
* G. Workman, Production Support Manager

* Denotes those present at the exit meeting on December 4, 2001.

INSPECTION PROCEDURES USED

IP 81820:	Physical Protection Facility Approval and Safeguarding of National Security Information and Restricted Data
IP 88100:	Plant Operations
IP 88102:	Surveillance
IP 90712:	In-office Reviews of Written Reports on Non-routine Events

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened	Item Type	Summary
70-7002/2001-009-01	VIO	Failure to properly control documents containing classified information as required by 10 CFR Part 95
38451	CER	Safety System Failure, during performance of underground distribution loop testing, a sectional isolation valve restricted flow to a portion of the Building X-326 HPFWS

38485	CER	Safety System Failure, during surveillance testing the Building X-760 CAAS nitrogen horns failed to sound as designed

Closed

70-7002/2000-006-01C	VIO	Failure to promptly identify and correct a condition adverse to quality regarding calibration of instrumentation required to ensure compliance with the TSRs
70-07002/99014-01	VIO	Failure to document a surveillance plan to verify operability of flow diversion system conductivity cells that indicated error message
70-07002/2001-008-06	URI	Inspectors review of plant staff's investigation into an October 3, 2001, security incident

Discussed

None

LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
ASTM	American Society for Testing and Materials
CAAS	Criticality Accident Alarm System
CER	Certificate Event Report
CFR	Code of Federal Regulations
CMP	Classified Matter Plan
COMSEC	Communications Security
DNMS	Division of Nuclear Material Safety
DOE	Department of Energy
FSO	Facility Security Officer
GDP	Gaseous Diffusion Plant
HPFWS	High Pressure Fire Water System
IFI	Inspection Follow-up Item
NCS	Nuclear Criticality Safety
No.	Number
NRC	Nuclear Regulatory Commission
PARS	Publicly Available Records
PERR	Public Electronic Reading Room
PORTS	Portsmouth
psia	pound per square inch atmosphere
psig	pounds per square inch gauge
PT	Penetrant Testing
SAR	Safety Analysis Report
STU-III	Secure Telephone Unit
TSR	Technical Safety Requirements
UF_6	Uranium Hexafluoride
URI	Unresolved Item
USEC	United States Enrichment Corporation
VIO	Violation