

November 22, 1996

ABB Combustion Engineering Inc.
ATTN: Mr. Bruce Kaiser, Vice President, Fuel Operations
Hematite Nuclear Fuel Manufacturing
3300 State Road P
Hematite, MO 63047

SUBJECT: INSPECTION NO. 70-36/96-203

Dear Mr. Kaiser:

The Nuclear Regulatory Commission conducted a routine inspection of your facility's material control and accounting (MC&A) safeguards program on October 21 through 25, 1996. The scope and results of the inspection are summarized in Enclosure 1, and details of the inspection are described in Enclosure 2.

The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations of activities in progress. At the conclusion of the inspection, the findings were discussed with you and members of your staff.

Within the scope of the inspection, three new inspector follow-up items were opened for further tracking and evaluation. Three inspector follow-up items from a previous inspection remain open, while two violations were closed.

Under the provisions of Section 2.790(d), reports containing information related to a licensee's MC&A program are exempt from public disclosure. Accordingly, Enclosure 2 will not be placed in the Public Document Room.

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

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

Docket No. 70-36
License No. SNM-33

Enclosures: As stated
cc w/encls: R. W. Sharkey, Manager, Regulatory Compliance

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The information on this page is considered appropriate
for public disclosure pursuant to 10 CFR 2.790(d)

U. S. NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS

Report No.: 70-36/96-203
License No.: SNM-33
Safeguards Group: III
Licensee: ABB Combustion Engineering, Inc.
Hematite, MO
Inspection Conducted: October 21 - 25, 1996

Inspectors: D. L. Whaley 11/19/96
D. L. Whaley, Physical Scientist
Inspection Section, Operations Branch Date Signed

E. L. Eckfeld 11/19/96
E. L. Eckfeld, Physical Scientist
Inspection Section, Operations Branch Date Signed

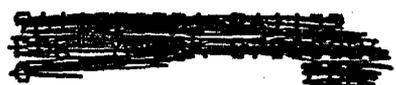
Approved by: Walter S. Schwink 11/22/96
W. S. Schwink, Section Chief
Inspection Section, Operations Branch Date Signed

SUMMARY

Scope: The areas examined during this routine material control and accounting safeguards inspection included the Measurement Control Program, Physical Inventory, the Resolution Program and licensee action with regard to previously identified follow-up items.

Results: Within the scope of the inspection, three new inspector follow-up items (IFI) were opened. Two previous violations were closed during the inspection, but three IFIs from a previous inspection remain open.

Enclosure 1



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