WIP R3D3-9 (4)

WM SS/ NSIR p-w/k p-w/k

SEP 24 1987

Docket No. 70-36

Combustion Engineering, Inc.
ATTN: Mr. H. V. Lichtenberger
Vice President
Manufacturing
Nuclear Power Systems
Windsor, CT 06095

USNRC-DS
'87 SEP 30 A 9:16

Gentlemen:

This refers to the routine safeguards inspection conducted by Mr. T. J. Madeda of this office; Mr. D. A. Huff of the Office of Nuclear Materials and Safeguards; Mr. A. Della Ratta, Region I, and Mr. G. Nelson, Region V on August 24-28, 1987, of activities at the Combustion Engineering Hematite Plant, authorized by NRC Special Nuclear Materials License No. SNM-33 and to the discussion of our findings with Mr. J. A. Rode and other members of his staff at the conclusion of the inspection.

The enclosed copy of our inspection report identifies areas examined during the inspection. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations, and interviews with personnel. In addition, as part of the inventory verification, the selection of 13 samples were submitted to the New Brunswick Laboratory for analysis. A separate inspection report will be issued following receipt of analytical results from the New Brunswick Laboratory. This report will include an evaluation of the submitted results.

During this inspection, certain of your activities appeared to be in violation of NRC requirements, as specified in the enclosed Notice. A written response is required.

Additionally, we identified two concerns relative to the effectiveness of your material control and accounting program. They are described in Paragraphs 5 and 6 of the report. We request that you respond to the item in Paragraph 5 within 30 days of your receipt of this letter. Your actions regarding the other item are also included in the report. Please advise us if our understanding of those actions is not correct.

Areas examined during this inspection concern a subject matter which is exempt from disclosure according to Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Consequently, the enclosure to this letter, our report of this inspection, and your response to the violation and other concerns identified in the enclosure to this letter will not be placed in the NRC Public Document Room. Therefore, your statement of

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in accordance with the Freedom of Information
Act, exemptions 4
FOIA-2004-0234

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10CFR2.790 INFORMATION
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corrective action regarding the violation and concern identified in the enclosure should be submitted as a separate enclosure to your transmittal letter.

The responses directed by this letter and the accompanying Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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

Sincerely,

Bruce S. Mallett, Chief
Nuclear Materials Safety
and Safeguards Branch

Enclosures:
1. Notice of Violation
2. Inspection Report
No. 70-36/87002(DRSS)
(PART 2.790(d) INFORMATION)

cc w/enclosures:
J. A. Rode, Plant Manager
DCD/DCB (RIDS)

RIII	RIII	RIII	RIII
Madeda/ib	Creed	France	Mallett
9/23/87			

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