



July 31, 1998

Docket No. 70-0036
License No. SNM-33

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

SUBJECT: REPLY TO A NOTICE OF VIOLATION

Gentlemen:

Enclosed is Combustion Engineering's Reply to a Notice of Violation concerning NRC Inspection Report No. 70-36/98-202, dated July 2, 1998.

We will be glad to discuss any questions you have concerning our response. If you have any questions or need further information, please contact me at (314) 937-4691.

Sincerely,

COMBUSTION ENGINEERING, INC.

Robert W. Sharkey
Director, Regulatory Affairs

cc: Dr. Carl Paperiello, Regional Administrator, NRC Region III
cc: Philip Ting, Chief, Fuel -Cycle Operations Branch, Division of Fuel Cycle Safety and Safeguards, NMSS

RA98/780

IE0711



ABB CENO Fuel Operations

**REPLY TO A NOTICE OF VIOLATION
INSPECTION REPORT 70-36/98-202**

Response to Violation No. 98-202-01

Violation: *Title 10 of the Code of Federal Regulations (CFR), Part 74.31 (c) (6) states the following:*

The licensee shall maintain current knowledge of items when the sum of the time of existence of an item, the time to make a record of the item, and the time necessary to locate the item exceeds 14 days.

Contrary to the above, licensee personnel failed to maintain current knowledge of three cylinders of UF₆, from January 4, 1998, until June 9, 1998 for a total of 156 days. The cylinders were intentionally shipped from Combustion Engineering on January 4, 1998, but the cylinders were not removed from the item control record. On May 11, 1998, an item control test by the licensee identified the three cylinders as shipped; however, the item control record was not updated. On June 9, 1998, one of the cylinders was selected as part of the Nuclear Regulatory Commission (NRC) vertical slice but could not be located. At that time all three cylinders were identified again as shipped, and the item control record was updated.

Response:

- 1. Reason for the violation:** The shipment of full UF₆ cylinders from the Hematite facility is not a routine operation. As such the item database was not set-up to easily update this type of transaction, which caused the violation. The nuclear material transaction report and SNM ledger were appropriately completed.
- 2. Corrective steps that have been taken and the results achieved:** The item control data base was updated by deleting the items. As a result of updating the database current knowledge for these items was reestablished.
- 3. Corrective steps taken to avoid further violations:** The computer program for generating UF₆ shipping records has been updated. The revised program updates the item control database as part of the process of generating required shipping documents. The database revisions will avoid future current knowledge violations for UF₆ shipments.
- 4. Date when full compliance will be achieved:** Full compliance has been achieved.

MTC File Center

July 2, 1998

Mr. R. W. Sharkey
Director, Regulatory Affairs
ABB CENO Fuel Operations
Combustion Engineering, Inc.
3300 State Road P
Hematite, MO 63047

SUBJECT: INSPECTION NO. 70-36/98-202 AND NOTICE OF VIOLATION

Dear Mr. Sharkey:

The Nuclear Regulatory Commission (NRC) conducted a routine inspection of your facility's material control and accounting (MC&A) safeguards program on June 8 - 12, 1998. The enclosed report presents the results of that inspection.

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.

Based upon 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 circumstances surrounding the violation are described in detail in the enclosed report. The violation is of concern because it indicates an incomplete understanding of licensee requirements to maintain current knowledge of items listed in the item control program. Also of concern is the licensee's missed opportunity for corrective action prior to identification of the issue by the NRC inspection. Current knowledge of items must be maintained to ensure the safeguards risk of material loss, theft, or diversion is adequately addressed.

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 report, please contact me at (301) 415-7156.

Sincerely,
Original signed by Philip Ting

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/enclosures: Dr. Bruce Kaiser, Vice President
Fuel Operations, ABB CENO

cc w/o enclosure 2: R. A. Kucera, Director
Missouri Department of Natural Resources

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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 2, 1998

Mr. R. W. Sharkey
Director, Regulatory Affairs
ABB CENO Fuel Operations
Combustion Engineering, Inc.
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Hematite, MO 63047

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Sincerely,

A handwritten signature in black ink, appearing to read "Philip Ting", written over a horizontal line.

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/enclosures: Dr. Bruce Kaiser, Vice President
Fuel Operations, ABB CENO

cc w/o enclosure 2: R. A. Kucera, Director
Missouri Department of Natural Resources

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