



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

April 10, 1996

R3/D2#60

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EA 96-002

ABB-Combustion Engineering Nuclear Fuel
Combustion Engineering Inc.
ATTN: Dr. Bruce Kaiser, Vice President, Fuel Operations
Hematite Nuclear Fuel Manufacturing
Post Office Box 107, 3300 State Road P
Hematite, Missouri 63047

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL PENALTY -
\$12,500

Dear Dr. Kaiser:

This will acknowledge receipt of your letter dated March 25, 1996, and your check for \$12,500 in payment for the civil penalty proposed by NRC in a letter dated February 26, 1996. We have reviewed the corrective actions outlined in your letter and note that although you identified the corrective steps which have been taken, you did not specifically address the results achieved. We further note that your reply broadly referred to the description of the corrective actions described in your response to the November 18, 1995, Demand for Information and discussed by you during the transcribed predecisional enforcement conference on January 26, 1996. We understand that you intend to implement the corrective actions described during the conference. If our understanding is incorrect, please let us know immediately. We will examine the implementation of those corrective actions and the results achieved during a future inspection.

Sincerely,

James Lieberman, Director
Office of Enforcement

Docket No. 070-00036

cc: H. Miller, RIII
C. Paperiello, NMSS

II-17

APR 12 1996

February 29, 1996

ABB Combustion Engineering Nuclear Fuel
Combustion Engineering, Inc.
ATTN: Mr. R. W. Sharkey, Manager Regulatory Compliance
Hematite Plant
P. O. Box 107, 3300 State Road P
Hematite, MO 63047

SUBJECT: COMPREHENSIVE MC&A IMPROVEMENT PROGRAM PROGRESS REPORT

Dear Mr. Sharkey:

This letter confirms the receipt of the January 11, 1996, quarterly report. The subject report indicated that all of the program elements have been satisfactorily completed by you and your staff. This office concurs and has determined that all of commitments set forth in the Comprehensive MC&A Improvement Program have been properly addressed as of the reconciliation of October 1995, Physical Inventory. We are pleased with your improvements and efforts toward progress in the area of material control and accounting, specifically, with the physical inventory.

Should you have any questions or comments, please contact Mr. Jerome Roth of my staff at (301) 415-7257.

Sincerely,

[Signature]
Philip Ting, Chief
Operations Branch
Division of Fuel Cycle Safety
and Safeguards

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

cc: H. Eskridge, Sr.
Consultant

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