



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

July 7, 2006

Mr. Russell B. Starkey, Jr.
Vice President - Operations
United States Enrichment Corporation
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: NRC INSPECTION REPORT NO. 70-7001/2006-003

Dear Mr. Starkey:

This refers to the inspection conducted from April 20, through June 14, 2006, at the Paducah Gaseous Diffusion Plant. The purpose of the inspection was to determine whether activities authorized by the certificate were conducted safely and in accordance with NRC requirements. At the conclusion of the inspection on June 15, 2006, the NRC senior resident inspector discussed the findings with members of your staff.

As a result of the inspection, the enclosed NRC Forms 591FF, Safety Inspection Report, are being issued. The enclosed forms indicate that no violations were identified during the inspection period.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosures will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

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

Sincerely,

/RA/

Jay L. Henson, Chief
Fuel Facility Inspection Branch 2
Division of Fuel Facility Inspection

Docket No. 70-7001
Certificate No. GDP-1

Enclosures: (See page 2)

R. B. Starkey, Jr.

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- Enclosures: 1. NRC Form 591FF Part 1
 2. NRC Form 591FF Part 3

cc w/encls:

- S. Penrod, Paducah General Manager
 S. R. Cowne, Paducah Regulatory Affairs Manager
 W. Jordan, Portsmouth General Manager
 S. A. Toelle, Director, Nuclear Regulatory Affairs, USEC
 R. M. DeVault, Regulatory Oversight Manager, DOE
 G. A. Newtown, Paducah Site Office, DOE
 Dewey Crawford, Department of Public Health, Commonwealth of Kentucky

Distribution w/encls:

- D. Martin, NMSS
 B. Von Till, NMSS
 J. Henson, RII
 D. Hartland, RII
 M. L. Thomas, RII
 M. Chitty, RII

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE

ADAMS: XYes ACCESSION NUMBER: _____

OFFICE	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI			
SIGNATURE	DH for 7/6/06	JJ 7/7/06	NR 7/7/06	DH 7/7/06			
NAME	MThomas	JJimenez	NRivera	DHartland			
DATE	7/ /2006	7/ /2006	7/ /2006	7/ /2006	7/ /2006	7/ /2006	7/ /2006
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

OFFICIAL RECORD COPY DOCUMENT NAME: E:\Filenet\ML061880369.wpd

**SAFETY INSPECTION REPORT
AND COMPLIANCE INSPECTION**

1. LICENSEE/LOCATION INSPECTED: United States Enrichment Corporation 6903 Rockledge Drive Bethesda, MD 20817 REPORT NUMBER(S): 2006-003	2. NRC/REGIONAL OFFICE: U.S. Nuclear Regulatory Commission Region II, Division of Fuel Facilities Inspection 61 Forsyth Street, Suite 23T85 Atlanta, GA 30303	
3. DOCKET NUMBER(S): 70-7001	4. LICENSEE NUMBER(S): GDP-1	5. DATE(S) OF INSPECTION: 04/20-06/14/06

LICENSEE:

The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your license. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:

- 1. Based on the inspection findings, no violations were identified.
- 2. Previous violation(s) closed.
- 3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy to exercise discretion were satisfied.

_____ Non-Cited Violation(s) was/were discussed involving the following requirement(s) and Corrective Action(s):

- 4. During this inspection certain of your activities, as described below and/or attached, were in violation of NRC requirements and are being cited. This form is a NOTICE OF VIOLATION, which may be subject to posting in accordance with 10 CFR 19.11.

(Violations and Corrective Actions)

Licensee's Statement of Corrective Actions for Item 4, above.

I hereby state that, within 30 days, the actions described by me to the inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken, date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested.

Title	Printed Name	Signature	Date
LICENSEE'S REPRESENTATIVE	Not applicable		
NRC INSPECTOR	Mary L. Thomas	D. Hartland for	7/7/06

**SAFETY INSPECTION REPORT
AND COMPLIANCE INSPECTION**

1. LICENSEE

**United States Enrichment Corporation
6903 Rockledge Drive
Bethesda, MD 20817**

2. NRC/REGIONAL OFFICE

**U.S. Nuclear Regulatory Commission
Region II, Division of Fuel Facilities Inspection
61 Forsyth Street, Suite 23T85
Atlanta, GA 30303**

REPORT NUMBER(S): **2006-003**

3. DOCKET NUMBER(S):

70-7001

4. CERTIFICATE NUMBER(S):

GDP-1

5. DATE(S) OF INSPECTION:

04/20-06/14/06

6. INSPECTOR(S):

M. L. Thomas, J. G. Jimenez, N. Rivera

7. INSPECTION PROCEDURES USED:

88010, 88025, 88100, 88102, 88103, 92700, TI 2600/012

SUPPLEMENTAL INSPECTION INFORMATION

Executive Summary

Summary of Plant Status

- The certificatee performed routine operations throughout the inspection period. Plant load was decreased to 900 megawatts and product assay was decreased to 2.0 percent in accordance with the production schedule.

Plant Operations

- The inspectors observed routine operations in the cascade buildings and area control rooms, the feed vaporization facilities, product and tails withdrawal facilities, and the central control facility. The operations staff were alert and generally knowledgeable of the current status of equipment associated with their assigned facilities.
- The inspectors identified an unresolved item involving the opening of a high assay boundary valve in the C-331 Process Building to evacuate uranium hexafluoride from the Number 2 Hortonsphere in the C-315, Tails Withdrawal Building, without the implementation of the required procedural controls. (URI 70-7001/2006-003-01)

Maintenance and Surveillance

- During the observation of maintenance and surveillance activities, the inspectors verified one or more of the following: activities observed were performed in a safe manner; testing was performed in accordance with procedures; measuring and test equipment was within calibration; Technical Safety Requirement (TSR) Limiting Conditions for Operations were entered, when appropriate; removal and restoration of the affected components were properly accomplished; test and acceptance criteria were clear and conformed with the TSR and the Safety Analysis Report; and any deficiencies or out-of-tolerance values identified during the testing were documented, reviewed, and resolved by appropriate management personnel.

Executive Summary (continued)**Operator Training/Retraining**

- The training program for initial and refresher training in nuclear criticality safety, radiation protection and general emergency areas was in compliance with regulatory requirements. Training material and examinations were adequate to measure the knowledge level of the workers and were current. Lessons learned from past facility events were appropriately communicated in morning meetings to enhance worker safety.
- Operating procedure and facility change control training was effective. Operators were knowledgeable of their operating processes and pending changes. Changes to nuclear material processing requirements were readily reviewed by the operators who had to acknowledge their understanding before implementing changes.
- Each new operator's on-the-job training was tracked by his/her immediate supervisor or front line manager using a training requirement matrix. The matrices were maintained by the supervisor and reviewed weekly with each operator.

Temporary Instruction 2600/012: *Institutionalizing Concern Regarding Safety Issues Identified in selected Past Generic Communications*

- **Information Notice (IN)-99-05, "Inadvertent Discharge of Carbon Dioxide Fire Protection System and Gas Migration"**: The certificatee had two carbon dioxide fire protection systems, one located in the basement of the C-533 switchhouse and the other in the C-101 cafeteria. Both were non-safety related and alarmed locally as well as in the Central Control Facility and fire station. Both were inspected on an annual basis in accordance with plant procedures. Neither system would have created a white-out condition or reduced the oxygen content in the area below 19.5 percent. This IN is considered closed

Items Opened, Closed, and Discussed

<u>Item Number</u>	<u>Status</u>	<u>Description</u>
URI 70-7001/2006-003-01	Open	Operation of a high assay boundary valve in C-331 without the implementation of required procedural controls.