

July 11, 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. 70-7001/2006-202

Dear Mr. Starkey:

The U.S. Nuclear Regulatory Commission (NRC) conducted a routine inspection of the material control and accounting (MC&A) safeguards program at your Paducah facility on June 4-8, 2006. The purpose of the inspection was to determine whether activities authorized by the certificate were conducted safely and in accordance with NRC requirements. The enclosed report presents the results of the inspection, which were discussed with members of your staff during an exit meeting held at the conclusion of the inspection.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of selective examination of procedures and representative records, interviews with personnel, and observation of activities in progress. Within the scope of this inspection, no violations or deviations were identified.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, this letter's enclosure will not be available for public inspection.

When separated from the Enclosure, this document is DECONTROLLED.

R. Starkey

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If you have any questions about this report, please contact Dan Jones at (404) 562-4707.

Sincerely,

/RA/

Jeffrey Cruz, Chief
Material Security Oversight Section
Division of Security Operations
Office of Nuclear Security and Incident Response

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

Enclosure: MC&A Inspection Report 70-7001/2006-202

cc w enclosure:

S. Penrod, Paducah General Manager
S.R. Cowne, Paducah Regulatory Affairs Manager
J.A. Labarraque, Paducah Nuclear Safety and Quality Manager
J.T. Bracey, Paducah Nuclear Materials Control & Accountability 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
D. Crawford, Kentucky State Liaison Officer

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