



UNITED STATES
NUCLEAR REGULATORY COMMISSION

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

January 29, 2007

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. 70-7001/2006-007

Dear Mr. Starkey:

This refers to the inspection conducted from November 30 through December 31, 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. The NRC senior resident inspector discussed the findings with members of your staff on January 3, 2007.

As a result of the inspection, the enclosed NRC Form 591FF, Safety Inspection Report, is being issued. The enclosed form indicates 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 enclosure 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

Enclosure: (See page 2)

R. B. Starkey, Jr.

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Enclosure: NRC Form 591FF Parts 1 and 3

cc w/encl:

S. Penrod, Paducah General Manager
P. O. Box 1410
Paducah, KY 42001

S. R. Cowne, Paducah Regulatory Affairs Manager
P. O. Box 1410
Paducah, KY 42001

W. Jordan, Portsmouth General Manager
Portsmouth Gaseous Diffusion Plant
United States Enrichment Corporation
P. O. Box 628
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S. A. Toelle, Director, Nuclear Regulatory Affairs
United States Enrichment Corporation
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

R. M. DeVault, Regulatory Oversight Manager
Department of Energy
P. O. Box 2001
Oak Ridge, TN 37831

G. A. Newtown, Paducah Site Office
Department of Energy
P. O. Box 1410
Paducah, KY 42001

Dewey Crawford, Department of Public Health
Commonwealth of Kentucky
200 Fair Oaks Lane
Frankfort, KY 40601

Distribution w/encl: (See page 3)

R. B. Starkey, Jr.

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Distribution w/encl:
M. Raddatz, NMSS
B. Smith, NMSS
J. Henson, RII
J. Pelchat, RII
M. L. Thomas, RII

X PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE X NON-SENSITIVE

ADAMS: X Yes No ACCESSION NUMBER: _____

OFFICE	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI			
SIGNATURE	MLT 1/29/07	JMP 1/29/07					
NAME	MLThomas	JMPelchat					
DATE	01/ /2007	01/ /2007					
E-MAIL COPY?	YES	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

OFFICIAL RECORD COPY

DOCUMENT NAME: C:\FileNet\ML070290601.wpd

**SAFETY INSPECTION REPORT
AND COMPLIANCE INSPECTION**

1. LICENSEE/LOCATION INSPECTED: United States Enrichment Corporation 6903 Rockledge Road 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): 2006-007	

3. DOCKET NUMBER(S): 70-7001	4. LICENSEE NUMBER(S): GDP-1	5. DATE(S) OF INSPECTION: 11/30-12/31/06
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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			
NRC INSPECTOR	Mary L. Thomas		

**SAFETY INSPECTION REPORT
AND COMPLIANCE INSPECTION**

1. LICENSEE

**United States Enrichment Corporation
6903 Rockledge Road
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): **2006-006**

3. DOCKET NUMBER(S):

70-7001

4. LICENSE NUMBER(S):

GDP-1

5. DATE(S) OF INSPECTION:

11/30-12/31/06

6. INSPECTOR(S): Mary L. Thomas, Mark A. Chitty

7. INSPECTION PROCEDURES USED: 88100, 88101, 88102, 88103, 88105

SUPPLEMENTAL INSPECTION INFORMATION**Executive Summary**Summary of Plant Status

- The certificatee performed routine operations throughout the inspection period. Plant load was maintained at 1600 megawatts, and product assay was decreased from 4.95 to 4.0 weight 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.
- On December 22, 2006 the inspectors went to the C-331 Process Building to observe the calibration of seismic switches. Through review of records and interviews of certificatee personnel, the inspectors determined that the switches had been recharacterized as "Non-Safety" during the Safety Analysis Report Update and that this change was approved by the NRC. However, the certificatee did not revise the SAR to incorporate this deletion or amend the implementing procedures impacted by this change. Certificatee personnel indicated that they would review this and other changes in the SAR and determine what procedures would require revision to reflect these changes.

Executive Summary (continued)

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.

List of Items Opened, Closed, and Discussed

<u>Item Number</u>	<u>Status</u>	<u>Description</u>
Event Report 42165	Updated	Bulletin 91-01 report, improper spacing of waste drums. This event was updated on December 8 and 18 upon discovery of five additional waste drums that exceeded the allowable gram limit for spacing exempt. The drums were spaced and placed in a temporary fissile storage area.