



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

November 5, 2010

Mr. Robert Van Namen
Senior Vice President
USEC
Uranium Enrichment
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: NRC INSPECTION REPORT NO. 70-7001/2010-003 AND NOTICE OF VIOLATION

Dear Mr. Van Namen:

This letter refers to the results of the above-referenced Nuclear Regulatory Commission (NRC) inspection conducted at your Paducah facility from July 1 - September 30, 2010. The purpose of the inspection was to determine whether activities authorized by the certificate were conducted safely and in accordance with NRC requirements. At a meeting held on October 15, 2010, the NRC inspectors discussed the findings with members of your staff. The results of the inspection are documented in the enclosed NRC Form 591, Parts 1 and 3.

The inspection was an examination of activities conducted under your certificate of compliance as they relate to safety and compliance with the Commission's rules and regulations and with the conditions of your certificate of compliance. Areas examined during the inspections are identified in the enclosed report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of these inspections, the NRC has determined that two Severity Level IV violation of NRC requirements occurred. This violation was evaluated in accordance with the NRC Enforcement Policy included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>.

The violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. For your consideration and convenience, an excerpt from NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," is enclosed. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

R. Van Namen

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In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response 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/readingrm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

Should you have any questions concerning this letter, please contact me at 404-997-44718.

Sincerely,

/RA/

Joselito O. Calle, Acting Chief
Fuel Facility Inspection Branch 2
Division of Fuel Facility Inspection

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

Enclosures:

1. Notice of Violation
2. NRC Form 591FF Parts 1 and 3

cc w/encls:

Steve Penrod, Vice President & General Manager
Paducah Gaseous Diffusion Plant
United States Enrichment Corporation
Electronic Mail Distribution

Jim Lewis, Plant Manager
Paducah Gaseous Diffusion Plant
United States Enrichment Corporation
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Vernon Shanks, Manager, Nuclear Regulatory Affairs
Paducah Gaseous Diffusion Plant
United States Enrichment Corporation
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Mark Keef, General Manager
Portsmouth Gaseous Diffusion Plant
United States Enrichment Corporation
Electronic Mail Distribution

cc w/encls: (cont'd on page 3)

R. Van Namen

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(cc w/encls: cont'd)
Steve A. Toelle, Director Regulatory Affairs
United States Enrichment Corporation
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R. M. DeVault, Manager Regulatory Oversight
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J. Calle, RII
R. Russell, RII

*see previous concurrence

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE

SENSITIVE NON-SENSITIVE

ADAMS: Yes ACCESSION NUMBER: _____

SUNSI REVIEW COMPLETE

OFFICE	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI	RII:DFFI
SIGNATURE	Via email 11/2	Vias email 11/2	Via email 11/2	LP 11/1	MC 11/1	DH 11/3	PS 10/29
NAME	MMiller	RRussell	MChitty	LPitts*	MCrespo*	DHartland	PStartz*
DATE	11/ /2010	11/ /2010	11/ /2010	11/ /2010	11/ /2010	11/ /2010	11/ /2010
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

NOTICE OF VIOLATION

USEC-PGDP
Paducah, Kentucky

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

During an NRC inspection conducted from July 1 through September 30, 2010, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. 10 CFR Part 76.87, "Technical Safety Requirements," (TSR) states, in part, that the corporation shall establish technical safety requirements and that they must include administrative controls.

TSR 3.2.2.b, "Administrative Controls – Facility Staff," states, in part, facility staff that performs safety functions should not be permitted to work: (1) more than 16 straight hours, (2) more than 16 hours in any 24-hour period, and (3) no more than 24 hours in any 48-hour period, all excluding shift turnover time. TSR 3.2.2.b also states, in part, that procedures shall limit the working hours of staff who perform safety functions.

Procedure CP2-HR-LR1030, "Limitations on Hours of Work for TSR Personnel," Revision 3, Appendix A, defines personnel who perform a safety function as individuals who perform operation or maintenance of TSR-related systems, structures, or components (SSC).

Contrary to the above, on August 14-15, 2009, two quality control inspectors exceeded the work hour limits of TSR 3.2.2.b when they performed maintenance on a TSR-related SSC (i.e., C-315 North Crane) during 36 consecutive hours of work.

This is a Severity Level IV violation (Supplement VI).

- B. 10 CFR Part 76.60(g), "Regulatory requirements which apply," states, in part, the Corporation shall comply with the applicable provisions of 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

10 CFR Part 71.5(a), "Transportation of licensed material," states, in part, the Corporation who transports licensed material outside the site of usage or where transport is on public highways or who delivers licensed material to a carrier for transport shall comply with the applicable requirements of the Department of Transportation (DOT) requirements in 49 CFR parts 171 through 180.

49 CFR Part 171, Subpart A, "Applicability, General Requirements, and North American Shipments," Section 171.2(e), "General requirements," states, in part, no person may offer a hazardous material for transportation in commerce unless the hazardous material is properly classed, described, packaged, marked, and labeled as required or authorized by applicable requirements or an exemption.

Enclosure 1

49 CFR Part 172, Subpart C, "Shipping Papers," Section 172.203(d), "Additional description requirements," states, in part, for radioactive materials, the description for a Class 7 (radioactive) material must include the name of each radionuclide and the activity for the shipment.

49 CFR Part 172, Subpart E, "Labeling," Section 172.403, "Class 7 (radioactive) material," states, in part, unless excepted from labeling as allowed by the requirements, each package of radioactive material must be labeled as provided in the section.

49 CFR Part 173, Subpart I, "Class 7 (Radioactive) Materials," Section 173.427, "Transportation requirements for low specific activity (LSA) Class 7 (radioactive) materials and surface contaminated objects (SCO)," states, in part for LSA material, shipments shall be loaded by the consignor and unloaded by the consignee from the conveyance in which originally loaded and specific instructions for maintenance of exclusive use shipment controls shall be provided by the offeror to the carrier.

49 CFR Part 172, Subpart F, "Placarding," Section 172.504, "General placarding requirements," states, in part, radioactive placards are also required for exclusive use shipments of low specific activity material.

Contrary to the above, on February 18, 2009, the certificate holder offered a hazardous material for transportation in commerce (i.e., a process gas leak detector head containing 80 microcuries of Americium-241) that was not properly classed, described, packaged, marked, and labeled as required or authorized by applicable requirements or an exemption from 49 CFR Parts 172-174. Specifically, the certificate holder did not account for the hazardous material in the shipping papers, did not classify the shipment as regulated radioactive material, did not use exclusive use conveyance, did not properly label the shipment containers (LSA-1), and did not use the Radioactive-Class 7 placarding.

This is a Severity Level IV violation (Supplement VI).

Pursuant to the provisions of 10 CFR 76.70, the United States Enrichment Corporation, Paducah Gaseous Diffusion Plant is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator, Region II, and a copy to the NRC Senior Resident Inspector at the Paducah Gaseous Diffusion Plant within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation," and should include: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved.

Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the certificate of compliance should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response 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>, to the extent possible, it should not include any personal privacy, proprietary, classified, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy, or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 5th day of November, 2010