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UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION V  
1990 N. CALIFORNIA BOULEVARD  
SUITE 202, WALNUT CREEK PLAZA  
WALNUT CREEK, CALIFORNIA 94596

FEB 15 1980

Docket No. 50-375

Energy Systems Group  
Rockwell International  
8900 De Soto Avenue  
Canoga Park, California 91304

Attention: Mr. R. G. Jones  
Vice President and Controller

General:

Subject: NRC Inspection

This letter refers to the inspection of your activities authorized under NRC License No. R-118 conducted by Messrs. L. W. Ivey and W. P. Mortensen of this office on January 9, 1980. It also refers to the discussion of our inspection findings held by the inspectors with R. Jones, M. E. Remley and members of their staffs on January 10-11, 1980.

The inspection included examination of activities related to physical protection against industrial sabotage and against theft of special nuclear material in accordance with applicable requirements of Title 10, Code of Federal Regulations, Part 73, "Physical Protection of Plants and Materials," your security plan, and license conditions pertaining to physical protection as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and records, interviews with facility personnel and observations by the inspectors.

Based on the results of this inspection, it appears that one of your activities was not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. The item of non-compliance is categorized into the level as described in our correspondence to you dated December 31, 1974.

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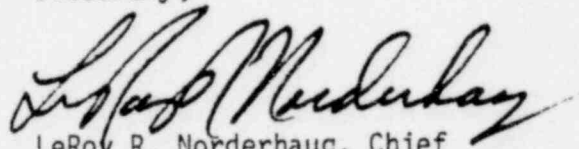
This notice is sent to you pursuant to the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Section 2.201 requires you to submit to this office within 20 days of your receipt of this notice, a written statement of explanation in reply, including: (1) steps which have been or will be taken by you to correct the violation, and the results achieved; (2) steps which will be taken to avoid further violations; and (3) the date when full compliance will be achieved.

During this inspection it was also found that certain of your activities appeared to deviate from Generally Accepted Industry Practices as set forth in the Notice of Deviation, enclosed herewith as Appendix B. In your reply please include your comments concerning these items, a description of any steps that have been or will be taken to prevent recurrence, and the date all corrective actions or preventive measures were or will be completed.

In accordance with Section 2.790(d) of the NRC "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of the findings of your safeguards and security measures are exempt from public disclosure; therefore, the enclosed inspection report will not be placed in the Public Document Room.

Should you have any questions concerning this letter, we will be glad to discuss them with you.

Sincerely,



LeRoy R. Norderhaug, Chief  
Safeguards Branch

Enclosures:

1. Inspection Report  
No. 50-375/80-01 (IE-V-359)
2. Appendix A - Notice of Violation
3. Appendix B - Notice of Deviation

cc w/enclosures:  
Mr. M. E. Remley