



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

February 28, 1994

Docket No. 70-36
License No. SNM-33

ABB Combustion Engineering Inc.
ATTN: Mr. S. B. Junkrans, Vice President, Fuel Operations
Hematite Nuclear Fuel Manufacturing
P.O. Box 107, Highway P
Hematite, MO 63047

Dear Mr. Junkrans:

SUBJECT: INSPECTION NO. 70-36/94-201

The Nuclear Regulatory Commission conducted a routine inspection of your facility's material control and accounting (MC&A) program on January 10-14, 1994. The scope and results of the inspection are summarized in Enclosure 1, and the areas examined during the inspection are described in Enclosure 2.

The inspection consisted of selective examinations of procedures, representative records, interviews with personnel, and observations of activities in progress. At the conclusion of the inspection, the findings were discussed with you and members of your staff.

The findings indicate that certain activities appear to violate NRC requirements. Although failure to meet these requirements has not significantly decreased the effectiveness of the safeguards program, it does reflect some weaknesses. Accordingly, one Severity Level V violation has been issued, and five inspector follow-up items (IFI) have been opened. The apparent violation and details to be addressed in your response are described in Enclosure 3. Two of the five IFIs are being referred to the Licensing Branch, Division of Fuel Cycle Safety and Safeguards, for clarification and resolution. One of these items pertains to inconsistencies between your facility's Fundamental Nuclear Material Control Plan, NRC guidelines and critical procedures that need special management attention (IFI #94-201-02). The other item questions how percent uranium and isotopic measurement requirements - in addition to gross weighing - are being met for the analysis of shipper/receiver differences (SRD) for UF₆ receipts from domestic sources (IFI #94-201-04). The acceptability of shipper's values for MC&A purposes is contingent upon the successful conduct of such a meaningful, multi-level SRD test.

Under the provisions of Section 2.790(d), reports containing information related to a licensee's MC&A program are exempt from public

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disclosure. Accordingly, the Inspection Report Details (Enclosure 2), and the Notice of Violation (Enclosure 3) will not be placed in the Public Document Room.

The responses directed by this letter and its enclosures are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, P. L. No. 96-511.

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

Sincerely,

original signed by
C. N. (Mike) Smith, Chief
Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Enclosures: As stated

cc: w/Enclosures
Harold E. Eskridge
Sr. Consultant
Regulatory Compliance
ABB Combustion Engineering Inc.

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