



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

MAR 17 1994

Docket No. 70-1257
License No. SNM-1227

Siemens Power Corporation
ATTN: Mr. R. E. Vaughan, Manager
Safety, Security and Licensing
2101 Horn Rapids Road
P.O. Box 130
Richland, WA 99352-0130

Dear Mr. Vaughan:

SUBJECT: INSPECTION REPORT 257/94-201

The Nuclear Regulatory Commission conducted a routine inspection of your facility's material control and accounting safeguards program on February 14 - 17, 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 and 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 the staff.

Within the scope of the inspection, two violations and one non-cited violation were identified. Although these violations have not significantly decreased the effectiveness of your safeguards program, they do reflect some weaknesses. Details of the violations and information regarding your response are described in the enclosed Notice of Violations (Enclosure 3). The non-cited violation is discussed in Enclosure 4.

We are concerned that management has allowed prior audit findings to remain unresolved from one annual material control and accounting program assessment to another. This reflects a lack of management attention to and oversight of the audit program.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken for the violations and any proposed actions you plan to prevent recurrence and to improve management control and oversight of your licensed program.

The response directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

Under the provisions of Section 2.790(d), reports containing information related to a licensee's material control and accounting program are exempt

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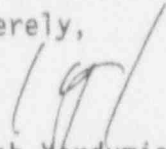
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from public disclosure. Accordingly, Enclosures 2, 3 and 4 will not be placed in the Public Document Room.

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

Sincerely,



Joseph Yardumian, Acting Chief
Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Enclosures: As stated
cc: w/ Enclosures:
J. Maas, Manager
Regulatory Compliance
Mr. D. L. Noss, Staff
Specialist, Safeguards
Mr. Mark D. Weiss, Acting Director
Finance
cc: w/o Enclosures
Mr. T. Strong, Chief
Department of Social and Health
Services, Olympia, WA

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