



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

November 7, 1997

Mr. Bernard Femreite
Vice President of Manufacturing
Siemens Power Corporation
2101 Horn Rapids Road
P.O. Box 130
Richland, WA 99352-0130

SUBJECT: NRC INSPECTION REPORT 70-1257/97-202 AND NOTICE OF VIOLATION

Dear Mr. Femreite:

This refers to the safety inspection conducted on October 6 - 10, 1997, by the Nuclear Regulatory Commission (NRC) at your Richland, Washington facility. The inspection included an Operational Readiness Review (ORR) of your new Dry Conversion Facility and a review of your root cause analysis and implementation of corrective actions following the September 17, 1997, loss of moderation control for the Dry Conversion Pilot Plant. At the conclusion of the inspection, the findings and issues were discussed with Mr. Bentley, acting on your behalf, and other members of your staff as identified in the report.

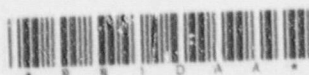
Within the areas examined, the inspection consisted of observation of activities in progress, interviews with plant personnel, and selective examinations of procedures and representative records. Based on the results of this inspection, one violation, one generic safety issue, and two inspector follow-up items were identified. The violation involved the inadequate Incident Investigation Board (IIB) review and implementation of corrective actions following the September 17, 1997, loss of moderation control event as identified in the enclosed Notice of Violation (Notice).

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 and any additional actions planned to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

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PDR ADOCK 07001257
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In accordance with the requirements of 10 CFR 2.790, a copy of this letter and its enclosure will be placed in the NRC Public Document Room. Should you have any questions concerning this inspection, we would be pleased to discuss them with you.

Sincerely,

Walter L. Schmitt for

Philip Ting, Chief
Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

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

Enclosure: As stated

cc w/enclosure: Loren J. Maas
Safety & Licensing
Siemens Power Corporation
2101 Horn Rapids Road
P.O. Box 130
Richland, WA 99352-0130

cc w/o enclosure: State of Washington

November 7, 1997

NRC File Center

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Sincerely,

Original signed by Walter Shwink for Philip Ting

Philip Ting, Chief
Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket No. 70-1257
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