



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
801 WARRENVILLE ROAD
LISLE, ILLINOIS 60532-4351

March 5, 1999

EA 99-016

Mr. J. N. Adkins
Vice President - Production
United States Enrichment Corporation
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: NOTICE OF VIOLATION
(NRC Inspection Report 70-7001/98018(DNMS))

Dear Mr. Adkins:

This refers to the inspection conducted from December 1, 1998 through January 12, 1999, at the U. S. Enrichment Corporation (USEC) Paducah Gaseous Diffusion Plant in Paducah, Kentucky. The purpose of the inspection was to review the activities authorized by NRC Certificate No. GDP-1. In the inspection report sent to you by letter dated January 28, 1999, an apparent violation was identified and considered for escalated enforcement. USEC declined an opportunity to attend a predecisional enforcement conference and chose to respond to the apparent violation in writing.

Based on the information developed during the inspection, and the information provided in your letter dated March 1, 1999, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding the violation are described in detail in the subject inspection report. The violation involved failure to maintain control of classified matter at the Paducah facility. //

On or about December 1, 1998, a USEC Paducah employee opened an envelope containing a classified document. The document had been left in the employee's desk for approximately 14 years by a retired employee. The desk is located in the materials management area in Building C-720, an area that is outside of the controlled access area (CAA) or protected area of the plant site. Although prior to December the employee had attended a number of security training sessions which covered security procedures and classified document control, the employee failed to notify management or security staff upon discovery. After attending a security briefing on recent events at Paducah on December 2, 1998, the document was turned over to management when the employee recognized that it had not been properly controlled.

Because the classified document was inside an unmarked envelope, it was not identified by the individual nor facility personnel performing spot checks during the recent site-wide security sweep to identify and secure legacy classified documents. The root causes of this event are: (1) improper handling of the document by the retiring employee some 14 years ago; (2) an individual not realizing that he was in possession of classified material for a number of years;

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and (3) not following the requirements for properly securing classified matter once he identified it in his possession (personnel error).

Unsecured classified information in an uncontrolled area of the site is potentially available to those not authorized access to the information, that is, there are no controls in place to ensure the information is not compromised. Other employees in the area are generally cleared, but the facility is routinely visited by uncleared personnel. While there were no actual security consequences in this case, the NRC is concerned about USEC's deficiencies regarding the control of classified matter because of the significant potential for compromise of classified matter. The NRC expects USEC to abide by all regulations and requirements, including those requirements related to the handling of classified matter. Therefore, this violation has been categorized in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600 as a Severity Level III violation.

In accordance with the Enforcement Policy, a base civil penalty in the amount of \$55,000 is considered for a Severity Level III violation. Because your facility has been the subject of escalated enforcement actions within the last two years,¹ the NRC considered whether credit was warranted for *Identification* and *Corrective Action* in accordance with the civil penalty assessment process in Section VI.B.2 of the Enforcement Policy. Credit for identification is warranted because the classified document outside of the plant CAA was identified by USEC personnel. Credit for corrective actions is also warranted since the actions were considered prompt and comprehensive. These actions, which were described during the inspection and in your March 1, 1999, letter included: (1) the classified document was immediately secured by plant staff and a security sweep of the materials management area was performed. No additional classified documents were found; (2) an assessment of other areas outside the CAA for similar vulnerabilities was initiated by plant personnel; (3) additional corrective actions were developed including performing a global self-assessment of the security process and recent security events at Paducah; (4) a job aid was published in the plant newsletter to provide a table of activities and procedures for handling classified matter at Paducah; (5) a revised training module was developed to cover the responsibilities of plant staff in the security arena; and (6) the involved individual was reminded of his responsibility to follow procedures and properly protect classified matter.

Therefore, to encourage prompt and comprehensive identification and correction of violations, I have been authorized not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty.

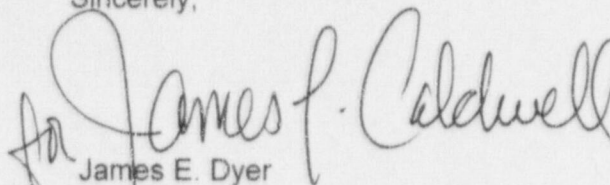
The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance will be achieved is already adequately addressed on the docket in Inspection Report 70-7001/98018(DNMS) and in your letter dated March 1, 1999. Therefore, you are not required to respond to this letter unless the description herein does not accurately reflect your

¹ A Severity Level III violation was issued on September 22, 1997 (EA 97-267) for security plan violations. A Severity Level III violation with a \$55,000 civil penalty was issued December 8, 1997(EA 97-431) for uncontrolled access to classified documents.

corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response if you choose to send one, will be placed in the NRC Public Document Room.

Sincerely,


James E. Dyer
Regional Administrator

Docket No. 070-7001
Certificate No. GDP-1

Enclosure: Notice of Violation

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