

PDR



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

March 24, 2000

CHAIRMAN

The Honorable Ted Strickland
U.S. House of Representatives
Washington, D.C. 20515-3506

Dear Congressman Strickland:

Your letter of February 17, 2000, requested a meeting with Nuclear Regulatory Commission (NRC) officials to discuss concerns raised by a recent downgrading in the credit rating of the United States Enrichment Corporation (USEC) and a subsequent announcement by USEC that it plans to lay off 850 workers this summer. The NRC staff met with you on March 2, 2000, and briefed you on its proposed actions to address these concerns. Also present at the meeting were Representative Ed Whitfield and staff from the offices of Senators Mitch McConnell, George Voinovich, and Mike DeWine.

As you know, the President approved a general plan for the privatization of USEC in July 1997, as set forth in the USEC Privatization Act of 1996 (P.L. 104-134). The Privatization Act requires the NRC to determine if the privatized corporation provides for a reliable and economical domestic source of uranium enrichment. At the time the NRC made this determination, USEC was able to demonstrate a Standard and Poor's credit rating of investment grade. This credit rating was used as a basis for NRC's decision that issuance of the certificates of compliance to the privatized USEC would not be inimical to the maintenance of a reliable and economical source of domestic enrichment services. Since that time, USEC's financial situation has changed, and as of February 4, 2000, the Corporation no longer has an investment grade credit rating. As a result, the NRC is conducting a further financial review of USEC to assess the financial viability of the certificate holder and the impact of the results of that assessment on maintenance of a reliable and economical source of domestic enrichment services. We anticipate completing this review this summer.

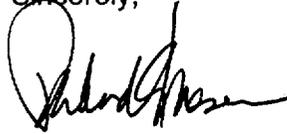
In addition to the financial review, the NRC will also continue to inspect and review operations at both the Portsmouth and Paducah sites to ensure that layoffs do not adversely affect safety and safeguards at the plants. There will be a continuation of NRC's inspections and performance trending of safety and safeguards activities at the plants, with emphasis on high-risk areas that could potentially be adversely affected, as well as meetings with USEC and public stakeholders.

I want to assure you that the NRC is committed to meeting its responsibilities as prescribed in the Energy Policy Act of 1992 concerning the protection of public health and safety and the common defense and security, as well as implementation of the USEC Privatization Act of 1996

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in determining whether issuance of a certificate of compliance to USEC would be inimical to the maintenance of a reliable and economical domestic source of enrichment services.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Meserve". The signature is fluid and cursive, with a large initial "R" and "M".

Richard A. Meserve