

April 29, 2004

Mr. Steven A. Toelle, Director  
Nuclear Regulatory Affairs  
U. S. Enrichment Corporation, Inc.  
6903 Rockledge Drive  
Bethesda, MD 20817-1818

SUBJECT: APRIL 13, 2004, MEETING ON INTERNATIONAL SAFEGUARDS  
OBLIGATIONS AFFECTING AMERICAN CENTRIFUGE LEAD CASCADE  
FACILITY AND AMERICAN CENTRIFUGE PLANT

Dear Mr. Toelle:

I am responding to your letter dated April 28, 2004, in which you provided clarification to a statement made in a meeting summary issued by the Nuclear Regulatory Commission (NRC) on April 26, 2004. The meeting summary summarized a closed meeting held at the Portsmouth Gaseous Diffusion Plant site in Piketon, Ohio, on April 13, 2004, to discuss International Atomic Energy Agency (IAEA) safeguards obligations and compliance activities with respect to the USEC Inc.'s proposed American Centrifuge Lead Cascade Facility and the American Centrifuge Plant. I would also like to provide some further clarification of this statement.

The specific statement in the meeting summary is below:

"USEC Inc. voiced its concerns about the feasibility and costs of implementing the IAEA safeguards approach because of the presence of classified materials."

During the April 13, 2004, meeting, implementation of the IAEA safeguards approach at the USEC Inc. proposed gas centrifuge facilities was discussed. Certain operational USEC Inc. staff raised concerns about the feasibility and cost due to the presence of classified materials, especially during the time periods when equipment refurbishment and cleaning activities are ongoing in the vicinity of certain cascade systems that may be subject to IAEA inspection. However, at no time during the meeting did any USEC Inc. participant indicate that USEC Inc. would not support any future IAEA inspections at its proposed gas centrifuge facilities. At the meeting, USEC Inc. indicated that if IAEA safeguards were to be performed at these two facilities, USEC Inc. would need to reevaluate certain administrative and design features to ensure the protection of information and technology. The NRC also acknowledges the commitment you made in your April 28, 2004, letter that USEC Inc. is fully committed to implementing all U.S. Government commitments regarding IAEA safeguards and compliance activities.

A copy of this letter is being placed in ADAMS and will be available in the NRC Public Document Room.

Sincerely,

**/RA/**

Joseph G. Giitter, Chief  
Special Projects Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos.: 70-7003, 70-7004

cc: William Szymanski/DOE  
Dan Minter/SODI  
Steven Toelle/USEC Inc.  
Rod Krich/LES

Michael Marriotte/NIRS  
Carol O'Claire/Ohio EMA  
Randall DeVault/DOE  
Peter Miner/USEC Inc.

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Randall DeVault/DOE  
Peter Miner/USEC Inc.

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