

January 23, 2006

MEMORANDUM TO: James W. Clifford, Acting Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief **/RA/**
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Yawar H. Faraz **/RA/**
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: JANUARY 12, 2006, MEETING SUMMARY:
USEC INC. QUARTERLY MANAGEMENT MEETING

On January 12, 2006, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from USEC Inc. to discuss project status and management issues related to USEC Inc.'s application for a gas centrifuge uranium enrichment facility proposed to be constructed and operated in Piketon, Ohio. I am attaching the meeting summary for your use.

This summary contains no proprietary or classified information.

Docket: 70-7004

Enclosure 1: NRC/USEC Inc. Senior Management Meeting Summary

Enclosure 2: Attendee list

Enclosure 3: Meeting agenda

cc: (Cover Memo and Enclosure)

William Szymanski/DOE	Michael Marriotte/NIRS	Dan Minter/SODI
Carol O'Claire/Ohio EMA	James Curtiss/W&S	Randall DeVault/DOE
Lindsay Lovejoy/NIRS	Rod Krich/LES	Peter Miner/USEC Inc.
Rocky Brown/Mayor of Beaver	Jim Brushart/Pike Co. Comm.	Geoffrey Sea
David Bowe/SPFPA/USEC	Teddy West/Scioto Twp. Trust.	Robert Owen/Ohio DoH
Billy Spencer/Mayor of Piketon	Vina Colley/PRESS	Donald Silverman/Morgan Lewis
Harry Rioer/Pike Co. Comm	Larry Scaggs/Seal Twp.Trust.	Carrie Mytinger/Cong. Ney
Robert Huff/Portsmouth CoC	Ted Wheeler/Pike County Aud.	Marvin Jones/Chillicothe CoC
Kara Willis/Gov. Taft's Reg. 7	Ewan Todd/PRESS	Dwight Massie/Pike CoC
Joyce Weeth/Pike Co. Rec	Blaine Beekman/Pike CoC	MarJean Kennedy/Gov. Taft

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USEC Website: Memo and all Enclosures

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OFC	MOFLS	GCFLS	GCFLS	OGC	GCFLS
NAME	ISpivack:bkh1	YFaraz	LWilliamson	LClark	BSmith
DATE	1/19/06	1/19/06	1/19/06	1/23/06	1/23/06

OFFICIAL RECORD COPY

NRC/USEC Inc. Senior Management Meeting Summary

Date: January 12, 2006

Place: U.S. Nuclear Regulatory Commission (NRC) Offices; Rockville, Maryland

Attendees: See Enclosure 2

Purpose:

The purpose of this meeting was to discuss project status and management issues related to the NRC's review of USEC Inc.'s (USEC's) application for a gas centrifuge uranium enrichment facility, the American Centrifuge Plant (ACP), proposed to be constructed and operated in Piketon, Ohio. The meeting agenda is in Enclosure 3.

Discussion:

After introductions, Mr. Jack Strosnider, Director of the Office of Nuclear Material Safety and Safeguards, opened the fifth USEC quarterly management meeting by stating that the application was submitted about one year ago, and that the NRC is continuing to review the application. He stated that the NRC issued the draft Environmental Impact Statement (DEIS) on September 1, 2005, and that a public meeting was held in Piketon, Ohio, on September 29, 2005. He stated that the NRC is working on addressing public comments from the meeting, and that the EIS remains on a 20-month review schedule. He stated that the Safety Evaluation Report (SER) was initially on an 18-month schedule, but is now on a 20-month schedule. He stated that this delay is due to a few complex technical issues with the application that are still open. However, he also noted that he believed there was a common understanding of the approaches needed to resolve these issues. He stated that the NRC is waiting to receive additional information that is needed to complete the safety review. He stated that the NRC plans on issuing the Final Environmental Impact Statement (FEIS) and SER during the middle of April 2006.

Mr. Phil Sewell of USEC indicated that USEC was pleased that progress has been made in the licensing reviews. He then introduced Mr. Victor N. Lopiano as USEC's new Vice President, American Centrifuge. Mr. Lopiano's responsibilities will be to manage the Lead Cascade and other various centrifuge operations in Piketon, Ohio, and Oak Ridge, Tennessee. Mr. Sewell then stated that USEC will work with the NRC to resolve any remaining open issues. He added that USEC remains focused on providing high quality, timely, and complete responses to NRC requests. Mr. Sewell stated that they are looking forward to the publication of the FEIS and SER.

Mr. James Clifford then discussed the schedule, licensing status, and current issues in the areas of safety and safeguards. He stated that issuance of the SER had been delayed from February 23, 2006, to mid-April 2006. He attributed the projected SER delay to the fact that a few complex issues still remain open. He stated that issuance of the SER in mid-April was contingent upon USEC providing the NRC with the needed information in a timely manner. USEC stated that it would work with the NRC to resolve the issues and that it was pleased so far with the progress made by the NRC in conducting its review and by the level of communication between the NRC and USEC.

Enclosure 1

Mr. Clifford stated that there has been success on closing all fire safety issues. USEC's responsiveness in addressing these issues had been crucial in completing this task. He added that the NRC continues to make progress in addressing the remaining seismic issues. He stated that the NRC was currently reviewing USEC's latest submittal and will be requesting additional information in a conference call within the next few days.

Mr. Clifford stated that some of the more difficult issues to resolve have been in the areas of nuclear criticality safety (NCS) and Integrated Safety Analysis (ISA) Summary. He indicated that poor communication on these issues was a factor in causing these issues to remain open. However, he stated that there is now a clearer understanding of what needs to be done in order to resolve these issues. He stated that the NRC is anticipating example sequences by the middle of January, and the complete list of sequences by the middle of February. He also stated that time will be needed for the NRC to review the anticipated ISA Summary information. Mr. Peter Miner responded that the ISA team is conducting its final review of the example sequences, and that these will be submitted to the NRC during the week of January 17, 2006. Mr. Clifford stated that this schedule is critical in order to issue the SER in the middle of April. He stated that USEC had not adequately validated the criticality computer codes for enriched uranium between 5% and 10% U-235 by weight. He stated that the NRC is awaiting USEC's response on this issue.

Mr. Clifford stated that there are two outstanding items that are not related to the SER which could affect NRC's issuance of a license to USEC. A memorandum of understanding (MOU) for the ACP between NRC and Department of Energy (DOE) needs to be in place before a license can be issued to USEC. He also stated that USEC needs to have a lease from DOE for the facility in place before a license can be issued to USEC.

Mr. Clifford stated that USEC has proposed in its application for the ACP to use DOE to disposition the UF₆ tails, and that the NRC is awaiting a response from USEC on DOE's cost estimate. Mr. Sewell indicated that DOE had provided a cost estimate which USEC had provided to the NRC in December, 2005. However, DOE had not provided the basis for that estimate and that USEC is actively working with DOE to obtain the basis for that cost estimate.

Mr. Matt Blevins stated that the DEIS was issued in early September 2005. A public meeting on the DEIS to receive comments was held on September 29, 2005, in Piketon, Ohio. The public comment period ended on October 24, 2005. A total of 32 people submitted approximately 275 comments on the DEIS at the public meeting and via e-mails and letters. The NRC is currently working toward responding to these comments. One request for additional information (RAI) clarification was discussed with USEC in early December regarding socioeconomic numbers. No further action was requested from USEC.

Mr. Blevins stated that the NRC is working to close an issue regarding the National Historic Preservation Act, Section 106. The NRC is waiting to hear from the Advisory Council on Historic Preservation on this issue. The Council may or may not choose to review and participate in this issue. The FEIS is on schedule to be issued during the middle of April 2006.

The meeting was then opened for questions/comments from members of the public. Mrs. Cheryl Moss Herman asked Mr. Yawar Faraz regarding the date for the mandatory hearings. Mr. Faraz responded by stating that a schedule for the mandatory hearings has not been set.

Mr. Dan Horner of McGraw Hill asked the NRC if the 2-month SER delay could be longer, assuming that USEC's submittals are complete and satisfactory. Mr. Clifford stated that the NRC will have to review the submitted material before determining if the schedule will be further

affected. The 2-month delay includes time for the NRC to review the new information and also includes time for subsequent discussions between the NRC and USEC. Mr. Horner asked Mr. Clifford to further explain the lack of communication between USEC and NRC that Mr. Clifford had attended to. Mr. Clifford stated that the criticality validation responses needed more work, and that there was insufficient justification provided to the NRC by USEC. Mr. Horner asked if any uranium had been enriched at the Lead Cascade. Mr. Faraz responded that this has not occurred. Mr. Joseph Gitter clarified that the Lead Cascade is a demonstration and test facility, and not an enrichment facility. Mr. Horner asked how many centrifuge machines USEC plans to install in the Lead Cascade. Mr. Faraz stated that the exact number is proprietary information, but that the Lead Cascade is licensed for up to 240 centrifuges. Mr. Horner also asked how many centrifuge machines were needed to obtain meaningful information. Mr. Faraz stated that the information is proprietary.

Mr. Stronsider concluded the meeting by reiterating the importance of the NRC's review to ensure protection of the environment and the public, and the need for continued good communications and interactions between USEC and NRC to facilitate an effective and efficient review.

The meeting was then adjourned.

Action Items

No action items.

USEC Inc. Quarterly Management Meeting Agenda
January 12, 2006

Purpose/Introductions

Project Status

Management Issues

Questions and Answers