

July 28, 2006

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS ~~IRA~~

FROM: Stan Echols
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS ~~IRA~~

SUBJECT: JULY 12, 2006, TELEPHONE CONFERENCE SUMMARY:
LIABILITY INSURANCE AND DECOMMISSIONING FUNDING

On July 12, 2006, the U.S. Nuclear Regulatory Commission (NRC) staff participated in a telephone conference with USEC Inc. (USEC) staff to discuss liability insurance and decommissioning funding issues related to USEC's application for a gas centrifuge uranium enrichment facility proposed to be constructed and operated in Piketon, Ohio. I am attaching the telephone conference summary for your use.

Enclosure: NRC/USEC Liability Insurance and Decommissioning Funding Telephone
Conference Summary

cc: (Cover Memo and Attachment)

William Szymanski/DOE	Michael Marriotte/NIRS	Dan Minter/SODI
Carol O'Claire/Ohio EMA	James Curtiss/W&S	Randall DeVault/DOE
Lindsay Lovejoy/NIRS	Karl Gross/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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MBlevins/DWM			

USEC Website: Memo and Attachment

ML061990211

**see previous concurrence

OFC	GCFLS	GCFLS	GCFLS	TSS	OGC	GCFLS
NAME	TJohnson**	SEchols**	LWilliamson**	YFaraz**	LClark**	BSmith
DATE	07/ 20 /06	07/ 20 /06	07/ 20 /06	07/ 24 /06	07/ 25 /06	07/ 28/06

OFFICIAL RECORD COPY

Telephone Conference Summary Liability Insurance and Decommissioning Funding

Date: July 12, 2006

Time: 3:00 PM

Call Participants: NRC:

T. Johnson
B. Smith
S. Echols

USEC:

G. Corzine
K. Coriell
D. Couser
D. Hatcher
P. Cox

R. Holiday
D. Scott
J. Dorrian
V. Burkitt

On July 12, 2006, the U.S. Nuclear Regulatory Commission (NRC) staff participated in a teleconference call with the USEC Inc. (USEC) staff to discuss issues related to liability insurance requirements and decommissioning funding.

Liability Insurance

Under the draft lease agreement between USEC and the U.S. Department of Energy (DOE), DOE will indemnify USEC if USEC is unable to provide commercially available liability insurance at commercially reasonable rates. In the conference call, USEC staff described the steps it has taken to determine whether it can secure commercial liability insurance from American Nuclear Insurers (ANI) at a "commercially reasonable" rate. To date, USEC submitted an insurance application to ANI with documentation, including an environmental engineering report and a copy of NUREG-1834, "Environmental Impact Statement for the Proposed American Centrifuge Plant in Piketon, Ohio." ANI staff is expected to get back to USEC within the next several weeks regarding next steps, if any. If ANI staff determines that it might insure USEC, perhaps under certain, as yet undefined, restrictions, then ANI would begin a more intensive review, including one or more site visits, which would require some ANI staff to obtain security clearances. If ANI decides to go forward, the process would likely take about a year before ANI would be able to provide USEC with a premium rate quote. USEC staff would then assess whether the premium rate was, in its opinion, commercially reasonable. Since lease negotiations with DOE are still ongoing, DOE is familiar with the commercial liability insurance issues. USEC staff stated it will keep DOE apprised of its progress on obtaining private liability insurance.

Decommissioning Funding

On June 30, 2006, USEC provided the staff additional information regarding revisions to the DOE depleted uranium cost estimate and revisions to other decommissioning costs to obtain 2006 dollar costs.

Regarding the revisions to the DOE depleted uranium disposition costs, staff indicated that they were able to duplicate the revised calculations and had no additional comments.

However, when conducting an independent assessment of other calculations to adjust for 2006 dollars, the staff was unable to replicate the values in the June 30, 2006, submittal.

USEC explained that it did not apply the same inflation adjustment factors to the other decommissioning costs as it did for the DOE depleted uranium disposition costs. Instead, it applied other labor cost adjustments based on USEC labor cost data. These other adjustments were not detailed in the June 30, 2006, submittal in sufficient detail to enable NRC staff to understand and verify the results. USEC staff agreed to provide additional information explaining the basis and rationale for using the values presented in the June 8, 2006, submittal. The revisions would address labor rates, contractor profit calculations, and proration of specific values to account for proper time periods. In addition, USEC staff indicated they would restate the numerical results in no more than three significant figures.