

From: "Smith, Mark" <Smithmd@usec.com>
To: Dan Martin <DEM1@nrc.gov>
Date: 08/24/2006 10:24:41 AM
Subject: Proposed Surety Bond Revision

Dan,

Attached please find the proposed revision to USEC's payment surety bond which we discussed earlier this week. As discussed, I would appreciate NRC review of the changes noted in the attached document. If these changes are acceptable, USEC will submit a revision to the GDP Decommissioning Funding Program Description (DFP) incorporating an unexecuted version of this revised payment surety bond. Executed originals of the revised payment surety bond would also be submitted.

The total penal sum of the bond noted in the attached document reflects USEC's latest GDP DFP submittal dated June 5, 2006. We recognize that this submittal is currently under NRC review and this amount is subject to change.

If you have any questions or require further information, please let me know.

Thank you.

Mark Smith

CC: "Toelle, Steven" <Toelles@usec.com>

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Subject: Proposed Surety Bond Revision
Creation Date 08/24/2006 10:23:52 AM
From: "Smith, Mark" <Smithmd@usec.com>
Created By: Smithmd@usec.com

Recipients

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MESSAGE	828	08/24/2006 10:23:52 AM
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Proposed USEC Surety Bond.doc		38400
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Options

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PAYMENT SURETY BOND

Date bond executed: 6/28/00[]
Effective Date: 6/30/00[]
Principal: United States Enrichment Corporation
6903 Rockledge Drive
Bethesda, MD 20817
Type of organization: Publicly-held Corporation
NRC certificate of compliance number: GDP1 and GDP2
Name and address of facility: Portsmouth Gaseous Diffusion Plant
Paducah Gaseous Diffusion Plant
Amounts for decommissioning activity guaranteed by this bond: \$55,500,000.00[104,170,000.00]

Surety:

~~National Union Fire Insurance~~ American Home Assurance Company of Pittsburgh, PA, 70 Pine St., New York, NY 10270

Type of Organization: Corporation
State of Incorporation: PANY

~~National Union Fire Insurance~~ American Home Assurance Company of Pittsburgh, PA is Treasury Listed and licensed to do business in all 50 States of the United States of America.

Surety's Bond Number: ESC [REDACTED]]
Total Penal Sum of bond: \$55,500,000[104,170,000.00]

Know all persons by these presents, That we, the Principal and Surety hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (herein called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Surety, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations, Part 76, applicable to the Principal, which require that the holder of a certificate of compliance for a gaseous diffusion plant, or an applicant for a certificate of compliance for such a facility provide financial assurance that funds will be available when needed for those aspects of the ultimate disposal of waste and disposition of depleted uranium, decontamination and decommissioning of such a facility which are the financial responsibility of such holder or applicant under that certain Lease Agreement, dated as of July 1, 1993, by and between the Principal and the Department of Energy and the Principal's Decommissioning Funding Program Description and Depleted Uranium Management Plan, as amended, (collectively, "decommissioning");

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternate financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Sureties is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall (i) complete the decommissioning in accordance with all applicable terms and conditions, (ii) obtain a bid or bids for completing the decommissioning in accordance with all applicable terms and conditions, and upon determination by Surety of the lowest responsible bidder, or, if the NRC elects, upon determination by the NRC and the Surety jointly of the lowest responsible bidder, arrange for a contract between such bidder and NRC, and make available as work progresses sufficient funds to pay the cost of completion; but not exceeding the amounts for decommissioning activity guaranteed by this bond; or (iii) place funds in the amount guaranteed for the facilities into the standby trust fund established by the Principal with First Union National Bank pursuant to the Standby Trust Agreement dated 7/28/98.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Sureties hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on

the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Sureties 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Sureties receive written authorization for termination of the bond from the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

Principal: **United States Enrichment Corporation**

Signature:

Name:

Title:

Corporate Seal:

Corporate Sureties

~~National Union Fire Insurance~~ **American Home Assurance Company of Pittsburgh, PA**
70 Pine Street
New York, NY 10270

State of Incorporation: PANY

Liability Limit: \$82,875,000 104,170,000

Signature:

Name and Title:

Corporate Seal:

Bond Premium: \$416,250.00