

From: Dan Martin
To: Smithmd@usec.com
Date: 09/06/2006 4:02:05 PM
Subject: Re: Fwd: Proposed Surety Bond Revision for USEC GDPs

Mr. Mark Smith:

We have reviewed the proposed surety language you submitted by e-mail to me on August 24, 2006, and have made the following determinations.

The new surety, American Home Assurance Company, is listed on Circular 570 issued by the Federal Reserve System, and is authorized to act as a surety in Ohio and Kentucky. The surety company is acceptable.

The proposed language revises two paragraphs of the existing surety bond language approved by NRC.

First, the proposed language limits USEC's decommissioning responsibility to activities defined in the 1993 Lease Agreement with DOE. That is acceptable provided the Lease Agreement language is acceptable, which we would need to confirm. However, the same paragraph was revised to also limit USEC's responsibility as defined by USEC in its Decommissioning Funding Description and Depleted Uranium Management Plan. That limitation is not acceptable because it does not specify that those documents are subject to approval by NRC. The reference to the Decommissioning Funding Description and Depleted Uranium Management Plan must either be changed to "NRC approved Decommissioning Funding Description and Depleted Uranium Management Plan" or removed.

Second, the proposed surety would allow the surety to either (1) perform the decommissioning, or (2) hire a contractor to perform decommissioning. These options are not part of the standard surety bond. The standard is that upon notification by the NRC, the surety must pay the full amount of funds into a standby trust. The licensee could then withdraw funds, with NRC approval, to pay for decommissioning. The surety is not involved in the decommissioning decision making process in the standard surety bond. However, the new options proposed by the surety would transfer control of the decommissioning project to the surety, and confer decision making power on the surety. Therefore, the surety must have an NRC license to qualify to use the options it proposes.

However, the surety is not an NRC licensee. Therefore, the options for the surety to either perform decommissioning or hire a contractor to perform decommissioning are not acceptable. Those options must be removed.

If you have any questions, please let me know.

thank you,
Dan Martin

CC: Andrew Persinko; Betty Garrett; Bill VonTill; Michael Raddatz; Thomas Fredrichs;
Timothy Johnson

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Subject: Re: Fwd: Proposed Surety Bond Revision for USEC GDPs
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From: Dan Martin
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Security: Standard

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