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OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

Docket No. 70-7004-
ML PROPOSED AMERICAN CENTRIFUGE PLANT: CAUSES FOR CONCERN

Some doubts expressed by technical and financial professionals:

John Longnecker (former head of U.S. government's centrifuge program) said USEC's odds of technical success are less than 50/50. Cited in the Dayton Daily News, 11/12-14/06.

Wall Street Journal (12/5/06): "high speed centrifuges have not been commercially proven."

David Segelov (Certified Financial Accountant) "While management proclaims that the American Centrifuge plant will be much more efficient than their competitors, this is a huge centrifuge which is hard to build and is not designed on a scale that has been proven." "While I'm bullish on the outlook for uranium prices in general, USEC, Inc. (USU) would be the one stock in the group to avoid." (7/7/06) <http://energy.seekingalpha.com/article/13128>

Financial Times (6/12/06) Article by John Dizard "The United States Enrichment Corporation, which by now has a national monopoly on the enrichment of uranium, for nuclear power reactors, is at risk of turning into the impoverishment Corporation for its shareholders." "To maintain its position, [USEC] is effectively betting the entire company on a set of defense contractors' ability to deliver a complex, little tested technology on a tight schedule and within budget. The odds could be better."

The GAO (Government Accounting Office) has determined that the decontamination and decommissioning fund at the Piketon Site is insufficient. "Despite DOE efforts to reduce cost, we found that based on current projected costs and revenues, the Fund will be insufficient to cover authorized activities....clean-up costs will have exceeded revenues by \$3.5 billion to \$5.7 billion (in 2004 dollars). Importantly, we found that the Fund would be insufficient irrespective of which estimates we used) (See July 2004 nazarror@gao.gov)

The government's response to USEC's application contains the following statement: "THE APPLICANT [USEC] HAS REQUESTED EXEMPTION FROM THE REQUIREMENT TO PURCHASE LIABILITY INSURANCE." "The applicant *intends* to provide for decommissioning funding through a surety bond."



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