

March 12, 2007(4:40pm)

**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of

USEC INC.

(American Centrifuge Plant)

Docket No. 70-7004-ML

ASLBP No. 05-838-01-ML

March 12, 2007

**APPLICANT'S PRE-FILED TESTIMONY CONCERNING HEARING ISSUE HTS-7
(DECOMMISSIONING FUNDING)**

Q1. Please state your name, current position, and by whom you are employed.

A1. My name is John C. Barpoulis ("JCB"). My current position is Senior Vice President and Chief Financial Officer for USEC Inc.

A1. My name is Mark D. Smith ("MDS"). My current position is Manager of Nuclear Licensing. My current employer is USEC Inc.

Q2. Please describe your professional qualifications.

A2. (JCB) I hold a Bachelor of Arts degree in Physics from Vassar College, a Bachelor of Engineering degree in Mechanical Engineering from the Thayer School of Engineering at Dartmouth College, and a Master of Business Administration degree from the Tuck School of Business at Dartmouth College. A statement of my professional qualifications is provided in USEC Exhibit # 1.

A2. (MDS) I hold a Bachelor of Science degree in Nuclear Engineering from Iowa State University, and a Master of Engineering degree in Engineering Science from the Pennsylvania State University. I have been employed by USEC Inc. since 1996. I have

over 26 years of experience in the nuclear industry. A statement of my professional qualifications is provided in USEC Exhibit # 1.

Q3. On whose behalf are you testifying?

A3. (JCB, MDS) I am testifying on behalf of the Applicant, USEC Inc.

Q4. Please describe your involvement in the American Centrifuge Plant ("ACP") License Application.

A4. (JCB) I oversee the financial activities of the corporation, including accounting, treasury, financial and strategic planning, tax, risk management, procurement, and investor relations.

A4. (MDS) I am the Applicant's regulatory lead for decommissioning planning activities associated with the ACP.

Q5. Please describe your responsibilities with respect to the ACP License Application?

A5. (JCB) As noted above, I oversee company financial activities related to the proposed ACP, including accounting, treasury, financial and strategic planning, tax, risk management, procurement and investor relations activities.

A5. (MDS) I was responsible for preparation of Chapter 10 (Decommissioning) of the ACP License Application and the associated Decommissioning Funding Plan. I also was responsible for providing input for responses to Nuclear Regulatory Commission ("NRC") requests for additional information regarding decommissioning. I was also a member of the Applicant's Strategy/Approval Review Team that was responsible for review of the License Application prior to NRC submittal.

Q6. In an Order (Establishing a Modified Case Schedule; Issuing Questions and Identifying Hearing Topics) of February 6, 2007, the Atomic Safety and Licensing Board ("ASLB")

or "Board") identified a series of hearing topics on which the Board has required testimony and presentations from the NRC Staff. The Staff submitted its pre-filed testimony on March 5, 2007. *See* NRC Staff Pre-Filed Testimony Concerning Hearing Topic HTS-7 "Decommissioning Funding" (March 5, 2007). Have you reviewed the Staff's testimony regarding Hearing Topic HTS-7?

A6. (JCB, MDS) Yes.

Q7. In its February 6, 2007, Order, the ASLB expressly authorized the Applicant to submit supplemental pre-filed testimony for the limited purpose of clarifying and/or supplementing the Staff's pre-filed testimony. *See* February 6, 2007 Order. Do you wish to provide any such supplemental testimony at this time?

A7. (JCB, MDS) Yes. We concur with the Staff's testimony regarding this hearing topic through Staff question and answer 14. While we have no objection to the remainder of the Staff's testimony, it appears to address legal and regulatory matters within the NRC's purview. We, however, would like to clarify two matters.

Q8. Please provide your first clarification.

A8. (MDS) On page 9 of the Staff's testimony, there is reference to a June 5, 2006 letter from Steven Toelle, USEC Inc., to Jack Strosnider, NRC, addressing USEC's calculation of depleted uranium disposition costs. This letter is referenced in Staff Exhibit 13. The correct and more up-to-date reference, which was used by the Staff in its SER review of USEC's Decommissioning Funding Plan, is a letter dated June 30, 2006 from Steven Toelle to Jack Strosnider, which reflects a depleted uranium disposal unit cost of \$4.62/kgU. *See* USEC Exhibit #11. This unit cost is \$0.02/kgU higher than the estimate provided in the June 5, 2006 letter.

Q9. Please provide your second clarification.

A9. (JCB, MDS) The Staff's answer to Question 11 discusses USEC's provision of cost estimates to the NRC. We would like to clarify that USEC is required by the Staff's proposed license conditions to submit cost estimates for depleted uranium disposition before licensed material is received and before full capacity is achieved as well as after full capacity is achieved.

Q10. Does this conclude your testimony?

A10. (JCB, MDS) Yes.

In accordance with 28 U.S.C. § 1746, I state under penalty of perjury that the foregoing is true and correct:

John C. Barpoulis
John C. Barpoulis

3/8/07
Date

Mark D. Smith
Mark D. Smith

3/8/07
Date