



R. B. Starkey, Jr.
Vice President, Operations

Dir: (301) 564-3459
Fax: (301) 564-3210

May 18, 2007
GDP 07-0022

Ms. Cynthia A. Carpenter
Director, Office of Enforcement
Attention: Document Control
U.S. Nuclear Regulatory Commission
Washington, SD.C. 20555-001

**Paducah Gaseous Diffusion Plant (PGDP)
Docket No. 70-7001, Certificate No. GDP-1
Alleged Discrimination against a Former Quality Control Manager at United States Enrichment Corporation (U.S. Department of Labor, Administrative Law Judges, Case No. 2004-ERA-0001)**

Dear Ms. Carpenter:

In response to the Commission's letter of May 2, 2007, in which the Commission requests that the United States Enrichment Corporation (USEC) waive the statute of limitations period set to expire November 22, 2007, in the above styled matter, USEC mailed its agreement to waive the statute on May 16, 2007. This letter is to clarify USEC's position with respect to the extension of the limitations period, since the earlier letter did not set a time limitation on the extension. This letter replaces USEC's May 16, 2007 letter.

First, USEC agrees that the NRC should defer action in this matter to permit the NRC to examine "all relevant information," including the pending ARB decision, before deciding whether to initiate enforcement action. As noted in the May 2, 2007, letter, both the NRC and DOL's Occupational Safety and Health Administration (OSHA) previously concluded that USEC did not retaliate against the former Quality Control Manager. Only the Recommended Decision of an Administrative Law Judge (ALJ) reached a different conclusion.

Accordingly, USEC does not object to a reasonable waiver of the limitations period in this case. USEC believes that the Recommended Decision of the DOL ALJ suffered from a number of serious legal and factual flaws that will compel the ARB to reverse the decision and, like the NRC and OSHA, issue a decision in favor of USEC.

Extending the limitations period indefinitely or for an extended period of time however, is of concern. If as expected the ARB reverses the Recommended Decision, USEC sees no reason why the NRC would need much time to review the decision and issue a finding in favor of USEC. Indeed such a decision would be consistent with OSHA's conclusion and the NRC's letter to USEC of September 29, 2004. In the unlikely event that the ARB was to approve the

OE 01
NmSSO1

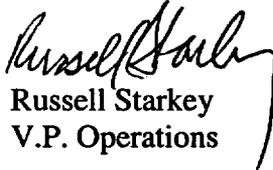
Cynthia A. Carpenter
May 18, 2007
GDP 07-0022, Page 2

Recommended Decision, an extended period would still not be necessary for the NRC to decide whether to initiate enforcement action.

Additionally, the NRC has fully investigated the matter and the record before the DOL will also be available for review. Moreover, more than five years will have passed between the issuance of an ARB decision and the underlying suspension and termination of the Quality Control Manager. If the final DOL action is adverse, USEC should receive a timely opportunity to refute the findings and resolve this matter before the NRC. Finally, the passage of time, the availability of witnesses and the effect of the delay on their memories compels a resolution within a reasonable amount of time after the ARB issues its decision. For these reasons, USEC is willing to waive the SOL for a period of nine months from the date of the issuance of the ARB's decision.

If you would like to discuss this matter, please give Steven Toelle a call at (301) 564-3250.

Respectfully,


Russell Starkey
V.P. Operations

cc: Russell Arrighi, NRC Enforcement Specialist