

August 2, 2007

MEMORANDUM TO: Michael Tschiltz, Acting Deputy Director
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Enrichment and Conversion Branch
Division of Fuel Cycle Safety
and Safeguards

FROM: Julie Olivier, Project Manager /RA/
Enrichment and Conversion Branch
Division of Fuel Cycle Safety
and Safeguards

SUBJECT: JULY 9, 2007, USEC QUARTERLY MANAGEMENT MEETING
SUMMARY

On July 9, 2007, the U.S. Nuclear Regulatory Commission (NRC) staff met with staff from USEC Inc. (USEC) for a quarterly management meeting. I am attaching the Meeting Summary and USEC's presentation slides for your use.

Enclosures:

1. NRC/USEC Quarterly Management Meeting Summary
2. USEC Presentation Slides

Docket: 70-7003
70-7004

cc:
Randall DeVault/DOE
William Szymanski/DOE
Peter Miner/USEC Inc

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OFC	ECB	ECB	ECB
NAME	JOlivier	LWilliamson	BSmith
DATE	7/31/07	7/31/07	8/2/07

OFFICIAL RECORD COPY

MEETING SUMMARY

USEC Quarterly Management Meeting

Date: July 9, 2007

Meeting Participants: M. Weber/NRC R. Pierson/NRC G. Janosko/NRC
 B. Smith/NRC J. Olivier/NRC T. Johnson/NRC
 P. Miner/USEC M. Robles/USEC V. Lopiano/USEC
 P. Sewell/USEC D. Rogers/USEC
 D. Horner/Platts/McGraw-Hill
 J. Henson/NRC (by phone)

Purpose:

On July 9, 2007, the U.S. Nuclear Regulatory Commission (NRC) and USEC Inc. (USEC) participated in a quarterly management meeting at NRC Headquarters in Rockville, MD, to discuss various issues relating to the license for the American Centrifuge Plant (ACP) in Piketon, OH.

Discussion:

Mr. Weber, Director of the Office of Nuclear Material Safety and Safeguards (NMSS), opened the eighth quarterly management meeting by introducing himself and discussing some of his NRC experience prior to becoming the Office Director in the Office of Nuclear Materials Safety and Safeguards. He stated that the NRC and USEC accomplished a lot in the past year in order to issue the ACP license and that he hoped to that the NRC and USEC would continue to cooperate in the future.

Mr. Sewell, Senior Vice President, American Centrifuge, thanked the NRC for its work in the past quarter to complete the mandatory hearing and to issue the license. Mr. Lopiano, Vice President, American Centrifuge, remarked that the USEC ACP is an important project and USEC intends to take a careful and deliberate approach to construction.

Mr. Smith, Chief of the Enrichment and Conversion Branch, discussed several NRC issues. He began by providing the status of licensing actions for the ACP. He mentioned that in the next week, the NRC would be issuing a response to the USEC letter regarding nuclear liability insurance (dated May 14, 2007). He spoke about the NRC review of USEC's financial qualification for Phase I of construction of the ACP. The NRC will continue to review USEC's documentation and will probably have a site visit later this summer. He mentioned that the Department of Energy (DOE) review of USEC's classified computer network plans was in process.

Mr. Smith then provided an update on USEC's ACP Security Orders. The order for Additional Security Measures was issued on July 5, 2007, and USEC has twenty days from that date to supply the NRC with the initial response. The NRC intends to issue an order in the next month which imposes fingerprinting and criminal history background checks for individuals who will have access to radioactive material. Also, the NRC is working on a security order to protect classified matter. This order is still in draft form. Mr. Smith then mentioned that the NRC is reviewing a classified matter transport procedure and that a conference call with USEC will be scheduled for later this week.

In conclusion, Mr. Smith discussed the completion of the mandatory hearing and that the Commission did not act on the ruling.

Mr. Henson, Chief of the Region II Fuel Facility Branch 2, spoke about inspection issues. He said that the biweekly phone calls between the Region and USEC were a useful way to keep both parties updated on USEC activities. He also thanked USEC for providing updated site maps and he mentioned that the transition of areas from DOE to NRC oversight was going smoothly. He commented that the public meeting in Piketon, on May 22, 2007, went well. He finished by stating that a Quality Assurance audit will be conducted at the ACP next week.

Next, USEC presented their meeting slides (Enclosure 2). Mr. Miner, Director of Regulatory and Quality Assurance, briefly spoke about the ACP licensing status. He mentioned that USEC plans to consolidate the Lead Cascade and ACP Security Programs and Quality Assurance Programs.

Mr. Lopiano described USEC's planned organizational changes. He said that the changes are intended to better support the upcoming critical activities. USEC does not expect the changes to require an NRC license amendment. He also provided a status of the manufacturing and construction contractors, noting that BWXT will replace Boeing as manufacturer of centrifuge components. USEC believes that BWXT is capable of providing these services, and that it has a positive operating history.

Mr. Rogers, Director of the American Centrifuge Plant, discussed the lease status. He said that the transition process has worked well with good coordination between USEC, NRC, and DOE. He also provided a status of USEC's construction activities. He mentioned that two additional support facilities need to be built. USEC is taking a deliberate and gradual approach to construction and has performed numerous assessments and audits to prepare for it. Mr. Rogers concluded his discussion with a six-month look-ahead at project activities.

Mr. Weber asked a question regarding how much decontamination of former DOE storage areas was required. Mr. Rogers answered that there was one area that needed to undergo decontamination. Mr. Weber then asked what types of activities were associated with Phase I construction. Mr. Rogers replied that Phase I consisted mainly of demolition, electrical work, and the construction of a new boiler building. No Quality Assurance Level I work is planned for Phase I.

Mr. Weber ended the meeting by asking if anyone had any questions. Mr. Horner from Platts McGraw-Hill asked whether the NRC had any concerns with BWXT replacing Boeing. Mr. Smith replied that no, the NRC does not have any concerns. Mr. Horner also asked if USEC submitted the information requested in a June 12, 2007, letter from the NRC regarding financial qualification, to which Mr. Smith replied that USEC had not yet submitted a response, but that it may be something that the NRC can review during a site visit.