



April 22, 2008
GDP 08-0015

Mr. Michael Raddatz
Sr. Project Manager, Office Enrichment and Conversion Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Attention: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

**Paducah Gaseous Diffusion Plant (PGDP)
Portsmouth Gaseous Diffusion Plant (PORTS)
Docket No. 70-7001 and 70-7002
Certificate No. GDP-1 and GDP-2
Request For Additional Information On The Decommissioning Funding Plan And The
Depleted Uranium Funding Plan For CY 2008 (TAC L52590)**

Dear Mr. Raddatz:

This letter responds to your subject request.

NRC Question

FA-1 NUREG-1757, Vol 3, App. A.3.1.2.1 states, Labor costs associated with all decommissioning tasks and activities should include basic wages and benefits for licensee and contractor staff performing decommissioning-relate tasks, overhead costs, and contractor profit (sufficient to allow an independent third party to carry out the decommissioning project). Please explain how the cost estimate you have provided addresses this guidance.

USEC Response

Section 3.3 of the Decommissioning Funding Program Description provides the methodology used to determine labor costs. Specifically, Table A.1 from Appendix A of NUREG/CR-6477 was used in the calculation of labor costs. Table A.1 provides labor rates and overheads for owner/operator and contractor personnel for decommissioning. Appendix A notes that a contingency of 25% has been added to all estimated costs. This is separate from the 25% contingency that USEC has additionally included into the total projected decommissioning liability. Appendix A of NUREG/CR-6477 was previously provided to USEC by NRC as an acceptable input for labor cost calculations. Use of the labor costs for decommissioning from

Table A.1 from Appendix A of NUREG/CR-6477 as inputs to USEC's calculation of labor costs is part of the certification basis of the current Certificates of Compliance for PGDP and PORTS approved by the NRC on December 29, 2003, and subsequently reviewed by NRC in conjunction with the annual update of decommissioning funding required by a condition of the PGDP and PORTS Certificates of Compliance. Because of USEC's limited facility decommissioning liability at the gaseous diffusion plants, labor costs are less than 0.3 percent of the total decommissioning funding.

NRC Question

FA-2 The surety bond you provided does not include the following standard clause, language which is outlined in NUREG-1757, Vol. 3, APP. A.9.4:

“The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year and no decrease in the penal sum takes place without the written permission of NRC”:

Therefore, how do you propose to provide updates to the penal sum? Would you propose to provide surety riders, new surety bonds, or would you propose another mechanism? In addition, the latter part of this standard clause,

“no decrease in penal sum takes place without the written permission of NRC,”

should be included in the surety bond.

USEC Response

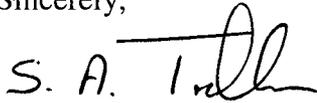
The PGDP and PORTS Certificates of Compliance contain a condition that requires an annual review of the decommissioning cost estimates and associated funding levels and an adjustment of the estimates and funding levels as necessary. If USEC determines that the existing financial instruments do not adequately cover the adjusted decommissioning cost estimate, USEC must submit financial instruments to cover the new cost estimates by December 31st of each calendar year. Because USEC's operations continue to produce additional depleted uranium, the funding levels have, in fact, increased each year and USEC has adjusted the funding levels accordingly. These requirements placed upon USEC are more conservative than the language cited from NUREG-1757 in that there is no 20 percent limit on the penal sum increase, but rather USEC must provide the necessary funding levels, utilizing the financial instruments allowed by Part 76, for the actual cost estimates. The

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generic language from NUREG-1757, therefore, does not accurately reflect the specific requirements placed on PGDP and PORTS by NRC through Certificate conditions. The NRC has reviewed the current language in USEC's surety bond a number of times and found it to be appropriate. Based upon this, the financial instruments for 2008 have already been issued and provided to NRC and any changes to these instruments at this point would be an administrative burden without value.

If you have any questions regarding this matter, please contact me at (301) 564-3250.

Sincerely,

A handwritten signature in black ink, appearing to read "S. A. Toelle". The signature is written in a cursive style with a prominent horizontal stroke across the top.

Steven A. Toelle
Director, Regulatory Affairs