



August 23, 2010  
AET 10-0055

ATTN: Document Control Desk  
Ms. Catherine Haney  
Director, Office of Nuclear Material Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

**American Centrifuge Lead Cascade Facility  
Docket Number 70-7003; Materials License Number SNM-7003  
Submittal of Proposed Changes for the American Centrifuge Lead Cascade  
Decommissioning Funding Plan**

Dear Ms. Haney:

**Purpose**

The purpose of this letter is to submit for U.S. Nuclear Regulatory Commission (NRC) review and acceptance a proposed change to the Decommissioning Funding Plan (DFP) for the American Centrifuge Lead Cascade Facility.

**Background**

On October 6, 2009, NRC requested USEC Inc. (USEC) to modify the Model Surety Bond contained within the Decommissioning Funding Plan (Reference 1). Accordingly, Reference 2 was submitted by USEC and approved by the NRC in January 2010 (Reference 3).

**Discussion**

USEC's surety bond providers have limited capacity and Treasury Listings and will not commit to future increases in bond amounts; therefore, will not agree to include the NUREG-1757 clause which states "The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount." The DFP is being revised to remove this language. Of particular note, the removal of this NUREG-1757 clause was also addressed by most recent DFP revisions for both the Paducah, Kentucky and Piketon, Ohio Gaseous Diffusion Plants and approved by the NRC on July 12, 2010 (Reference 4).

The NUREG-1757 clause "No decreases in the penal sum takes place without the written permission of the NRC" as previously approved by the NRC (Reference 2) will remain within the existing DFP. This statement is a legal requirement to obtain NRC's written acknowledgement of any decrease in a surety bond.

USEC does not have one single surety bond provider issuing a bond that would be increased as our decontamination and decommissioning obligation increases. Rather, most sureties that USEC use have already committed all or most of their capacity and will not increase the

NM5501

Ms. Catherine Haney  
August 23, 2010  
AET 10-0055, Page 2

amounts of the bonds. In order to provide additional bonds to meet our increasing decontamination and decommissioning obligations, USEC will go to new markets most years to issue new bonds.

Additionally, the Lead Cascade Facility license contains a condition which states "No later than every three years the licensee shall update the Decommissioning Funding Plan and provide it to the NRC for review. After resolution of any NRC comments, the licensee shall submit final executed copies of the financial assurance instruments." A change in USEC's assumptions used for the DFP cost estimate would be captured in USEC's change control process. At that time, if USEC determines that the existing financial instruments do not adequately cover the adjusted decommissioning cost estimate, USEC will submit changes to the NRC for prior review and approval. Upon approval of the new DFP, financial instruments to cover the new cost estimate would be issued. The generic language from NUREG-1757 therefore does not accurately reflect the specific requirements placed on USEC by NRC through the license condition.

Enclosure 1 contains the proposed change to the DFP for your review. Changes are noted with a revision bar in the right-margin.

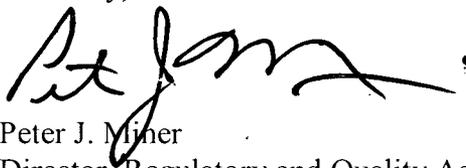
**Action**

USEC requests NRC review and acceptance of the proposed changed page for the DFP model surety bond at your earliest convenience.

**Contact**

If there are any questions regarding this matter, please contact me at (301) 564-3470 or Mr. Terry Sensus at (740) 897-2412.

Sincerely,



Peter J. Miner  
Director, Regulatory and Quality Assurance

cc: J. Downs, NRC HQ  
J. Henson, NRC Region II  
O. Siurano, NRC HQ  
B. Smith, NRC HQ

Enclosure: As Stated

Ms. Catherine Haney  
August 23, 2010  
AET 10-0055, Page 3

References:

1. NRC letter from J.R. Downs to P.J. Miner (USEC) regarding Request for Additional Information Regarding the Revised Decommissioning Funding Plan for the American Centrifuge Lead Cascade Facility (TAC No. L32891), dated October 6, 2009
2. USEC letter AET 10-0001 from P.J. Miner to M.F. Weber (NRC) regarding Supplemental Information Related to USEC Inc.'s Response to a Request for Additional Information Regarding the Revised Decommissioning Funding Plan for the American Centrifuge Lead Cascade Facility (TAC L32891), dated January 6, 2010
3. NRC letter from O. Siurano-Perez to P.J. Miner (USEC) regarding American Centrifuge Lead Cascade Facility, Approval of the Updated Decommissioning Funding Plan and Cost Estimate, (TAC No. L32891), January 20, 2010
4. NRC letter from Marissa Bailey to S. A. Toelle (USEC) regarding Revisions to Decommissioning Funding Program Description and Depleted Uranium Management Plan and Financial Assurance for Calendar Year 2010, Paducah Gaseous Diffusion Plant and Portsmouth Gaseous Diffusion Plant (TAC Nos. L32747 and L32743), dated July 12, 2010

**Enclosure 1 of AET 10-0055**

**Proposed Changed Page for the American Centrifuge Lead Cascade  
Decommissioning Funding Plan**

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by NRC or a U.S. District Court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance, and obtain NRC's written approval of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the facility into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the NRC.

~~In the event of an increase in the amount for decommissioning activity guaranteed by this bond, the Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided n~~ No decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions that will remain valid and enforceable.

In Witness Whereof, the Principal and Surety *have* executed this financial guarantee bond and have affixed their seals on the date set forth *above*.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

Principal

[Signatures]

[Names]

[Titles]

[Corporate seal]

Corporate Surety

[Name and address]