



April 12, 2011  
AET 11-0017

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  
Draft Surety Bond Rider Associated With Request for Transfer of Licenses**

Dear Ms. Haney:

**Purpose**

The purpose of this letter is to request the U.S. Nuclear Regulatory Commission's (NRC) review and approval of a draft surety bond rider for the American Centrifuge Lead Cascade Facility.

**Background**

On December 30, 2010 (Reference 1), the NRC issued approval of the draft financial assurance instrument with one condition. Prior to the execution of the new surety bond, USEC Inc. (USEC) must submit for review a draft of the entire surety bond. This draft of the new surety bond must state the company that will underwrite the bond. The draft bond should also indicate the following on the line following the State of incorporation: "Surety's qualification in jurisdiction where licensed facility is located." Also, on February 11, 2011 (Reference 2), the NRC issued Order EA-11-013 in relation to USEC's request for written consent to transfer materials licenses from USEC to a subsidiary limited liability company (LLC), American Centrifuge Operating, LLC. Condition 1 states "USEC will obtain NRC approval on the revised financial assurance instruments for decommissioning of the Lead Cascade Facility."

**Discussion**

As stated within the Decommissioning Funding Plan, USEC presently intends to provide for funding through a surety bond. Enclosure 1 of this letter provides the draft surety bond rider which meets the conditions as specified within References 1 and 2.

**Action**

USEC respectfully requests that the NRC complete their review of the enclosed draft surety bond rider for the American Centrifuge Lead Cascade Facility by May 20, 2011.

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Ms. Catherine Haney  
April 12, 2011  
AET 11-0017, Page 2

**Contact**

If you have any questions regarding this matter, please contact me at (301) 564-3470 or Terry Sensue at (740) 897-2412.

Sincerely,



Peter J. Miner  
Director, Regulatory and Quality Assurance

Enclosure: As Stated

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

References:

1. NRC letter from A.L. Frazier to P.J. Miner (USEC) regarding Draft Financial Assurance Instrument Associated with Request for Transfer of Licenses (TAC No. L33028), dated December 30, 2010
2. NRC letter from C. Haney to P.J. Miner (USEC) regarding Review of USEC Inc. Request for Written Consent to Transfer Materials Licenses (TAC L33027) and NRC Order EA-11-013, dated February 10, 2011

**Enclosure 1 of AET 11-0017**  
**Draft Surety Bond Rider for the American Centrifuge Lead Cascade Facility**  
**American Centrifuge Operating, LLC**

**Information contained within  
does not contain  
Export Controlled Information**

**Reviewer: G. Peed**  
**Date: 04/05/2011**

RIDER

DRAFT

To be attached to and form part of:

Bond Number K07228582  
dated 4/25/2006

issued by the WESTCHESTER FIRE INSURANCE COMPANY Surety's  
qualification in jurisdiction where licensed facility is located: (State of Incorporation  
Pennsylvania authorized to transact business in Ohio)

in the amount of \$8,831,772.00

on behalf of USEC Inc.  
(Principal)

and in favor of U.S. NUCLEAR REGULATORY COMMISSION  
(Obligee)

Now therefore, it is agreed that in consideration of the premium charged, the attached bond shall be amended as follows:

**The Principal shall be amended**

**FROM: USEC Inc.**  
**TO: American Centrifuge Operating, LLC**

The Principal and Surety hereby agree that no decrease in the penal sum takes place without the written permission of the NRC

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This Rider is to be Effective this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Signed, Sealed & Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

AMERICAN CENTRIFUGE OPERATING, LLC

By: \_\_\_\_\_  
(Principal)

WESTCHESTER FIRE INSURANCE COMPANY  
(Surety)

By: \_\_\_\_\_  
KD Conrad , Attorney-in-Fact

**DRAFT**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

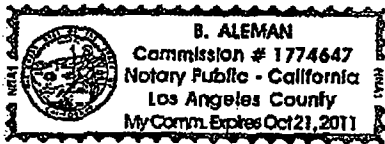
State of California

County of Los Angeles


On 2/23/11 before me, B. Aleman, Notary Public, personally appeared KD Conrad who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

  
B. Aleman, Notary Public

**Power of Attorney**

**WESTCHESTER FIRE INSURANCE COMPANY**

**DRAFT**

Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the Commonwealth of Pennsylvania pursuant to the following Resolutions adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

RESOLVED, that the following powers and duties be conferred, for and on behalf of the Company, on the duly appointed and authorized agents and officers of the Company to execute, for and on behalf of the Company, all written commitments of the Company entered into by the duly appointed officers (such as "Written Commitments"):

- (1) Each of the Chairman, the President and the Vice President of the Company is hereby authorized to execute, for and on behalf of the Company, all written commitments of the Company entered into by the duly appointed officers (such as "Written Commitments"):
- (2) Each duly appointed and authorized agent of the Company is hereby authorized to execute, for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such agent is authorized by the Board of Directors, all written commitments of the Company as such agent-in-fact.
- (3) Each of the Chairman, the President and the Vice President of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and Vice President of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing any duty or duties of the Company or authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitments or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile or other means to any Written Commitment or appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolutions shall confer powers and authority on the officers, employees and other persons to act (for and on behalf of the Company, and such Resolutions shall not be subject to the provisions of any other power of attorney otherwise validly granted or issued.

Does hereby nominate, constitute and appoint Brandon Wong, G. K. Nakamura, S. S. Drelich, Jr., Edward C. Spector, K. D. Conrad, Lisa L. Thornton, Maria Reid, Marina Tapia, Simone Gerhard, Tom Branigan, all of the City of LOS ANGELES, California, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Twenty Five million dollars & zero cents (\$25,000,000.00) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and as much as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice President, has heretofore subscribed his name and affixed the Corporate Seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 19 day of January 2011.

**WESTCHESTER FIRE INSURANCE COMPANY**

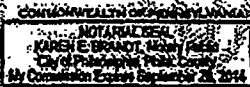


*Stephen M. Haney*  
Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF PHILADELPHIA

On this 19 day of January, AD 2011, before me a Notary Public of the Commonwealth of Pennsylvania and for the County of Philadelphia came Stephen M. Haney, Vice President of the WESTCHESTER FIRE INSURANCE COMPANY (a me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have heretofore so signed and affixed my official seal at the City of Philadelphia, the day and year first above written.



I, the undersigned Assistant Secretary of the WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have heretofore subscribed my name as Assistant Secretary and affixed the corporate seal of the Corporation this 19 day of February 2011.



*William L. Kelly*  
William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER January 19, 2013.

FD-301 (REV. 8-2008)