



July 22, 2011
AET 11-0038

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

**American Centrifuge Plant and Lead Cascade Facility
Docket Numbers 70-7004 and 70-7003; License Numbers SNM-2011 and SNM-7003
Extension Request for Implementation of Order Relating to Consent to Transfer Materials
Licenses (TAC No. L33027)**

Dear Ms. Haney:

Purpose

The purpose of this letter is to request an extension of the implementation date for the Order relating to the direct transfer of material license numbers SNM-7003 and SNM-2011 from USEC Inc. (USEC) to a subsidiary limited liability company, American Centrifuge Operating, LLC (ACO).

Background

On September 10, 2010 (Reference 1), USEC transmitted to the U.S. Nuclear Regulatory Commission (NRC) for review and approval a request for written consent to transfer control of materials licenses from USEC to ACO. In addition, USEC requested NRC approval of changes to the American Centrifuge Lead Cascade Facility and American Centrifuge Plant material licenses. On February 10, 2011 (Reference 2), the NRC issued Order EA-11-013 approving the direct transfer of licenses and conforming amendment subject to conditions. The Order also states in part:

“IT IS FURTHER ORDERED that, to ensure that the NRC is timely notified of the transfers’ completion, the licensee shall inform the Director of the Office of Nuclear Material Safety and Safeguards, in writing, of the date of closing of the direct transfer of license numbers SNM-7003 and SNM-2011 at least one (1) business day prior to closing. If the direct transfer of the licenses and all the above conforming conditions has not been completed within 180 days from the date of the issuance of this Order, the Order shall become null and void; however, on written application and for good cause shown, such date may be extended by order. The Director, Office of Nuclear Material Safety and Safeguards, may relax or rescind, in writing, any of the above conditions upon a demonstration of good cause by the licensee.”

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Discussion

USEC has been working diligently with the U.S. Department of Energy (DOE) over the past several months to conclude the review process for our loan guarantee application. We are working hard toward a successful conclusion, but we have not been able to conclude the conditional commitment process, which is the next step in the process of obtaining the loan guarantee. Due, in part, to this fact, USEC has not completed the necessary implementation requirements to complete the proposed transfer of licenses from USEC to ACO within the 180 day implementation period (i.e., by August 9, 2011) established within Order EA-11-013.

Additionally to support NRC's review of this request, the following provides a status of the three conditions listed in Order EA-11-013:

- 1) *USEC will obtain NRC approval on the revised financial assurance instruments for decommissioning of the Lead Cascade facility. NRC review of USEC letter AET 11-0017 (TAC No. L33134) was completed on May 17, 2011.*
- 2) *ACO, as stated in the request, will abide by all commitments and representations previously made by USEC with respect to the licenses. As committed in USEC letter AET 10-0039 dated September 10, 2010, ACO will abide by all constraints, conditions, requirements, and commitments of USEC's present Licenses. With regard to any open inspection items, ACO will assume full responsibility for such items and any resulting NRC actions.*
- 3) *USEC will provide to the NRC, a copy of the executed facilities subleasing agreement(s) naming ACO as the tenant and clarifying DOE indemnification, before the transfers are completed. It is our plan to complete the sublease agreement(s) and satisfy this Order condition concurrent with the closing on the DOE loan guarantee.*

It is USEC's plan that over the next six month period we would complete the license transfer implementation requirements and satisfy the Order conditions concurrent with the closing on the DOE loan guarantee.

Action

USEC respectfully requests an extension of time to fully implement the conditions of Order EA-11-013 to February 9, 2012.

Ms. Catherine Haney
July 22, 2011
AET 11-0038, Page 3

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

cc: J. Calle, NRC Region II
R. DeVault, DOE
J. Downs, NRC HQ
D. Hartland, NRC Region II
J.T. Howell, DOE
B. Smith, NRC HQ
O. Siurano, NRC HQ

References:

1. USEC letter AET 10-0039 from P.J. Miner to C. Haney (NRC) regarding Request for Written Consent to Transfer of Licenses, dated September 10, 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), dated February 10, 2011