



September 24, 2013
GDP 13-0018

Chief Financial Officer
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

**Paducah Gaseous Diffusion Plant (PGDP)
Docket No. 70-7001, Certificate No. GDP-1
Request to Modify PGDP 10 CFR Part 171 Annual Fee**

Dear Sir:

The purpose of this letter is to request that the U.S. Nuclear Regulatory Commission (NRC) recategorize PGDP with respect to the 10 CFR Part 171 annual fee. On June 3, 2013, the United States Enrichment Corporation (USEC) notified the NRC of USEC's decision to terminate uranium enrichment activities at PGDP. On July 25, 2013, the last operating enrichment cell was shut down, thus ending uranium enrichment at PGDP. Since the scope of activities at PGDP no longer includes the enrichment of uranium, USEC is requesting that NRC adjust the annual fee associated with the Certificate to be commensurate with the activities remaining under NRC regulatory oversight at PGDP.

The scope of USEC operations under the NRC Certificate is significantly reduced. In a letter to USEC dated September 9, 2013, NRC stated that the current and expected material workload at PGDP are similar in risk to operations at a uranium conversion facility with additional aspects in the areas of Material Control and Accounting, Security, Information Security, and Criticality Safety. USEC will continue operations at the site into 2014 in order to manage inventory, continue to meet customer orders and to meet the turnover requirements of its lease with DOE. Additionally, USEC is operating and maintaining the site utility systems as described in the Certificate.

Current operations at PGDP are focused on "repackaging" the existing product and feed inventories. The inventory of enriched uranium product at Paducah is being used to fill existing and future orders for SWU. During enrichment operations, product was withdrawn from the cascade into 10-ton cylinders, and then transferred into the 2.5-ton 30B cylinders that are shipped to fuel fabricators. When enrichment ceased, there was a backlog of product to be transferred into 30B cylinders. These transfers generally take place as liquid transfers in the C-360 toll transfer and sampling building. In addition to liquid transfers in C-360, vapor transfer of product is performed from the C-337A vaporization facility to the C-310 purge and product building for additional capacity. The only remaining operating cells in the plant are located in C-310 to provide a needed evacuation source for the repackaging processes.

Chief Financial Officer
September 24, 2013
GDP 13-0018, Page 2

287-9070

PGDP has a substantial quantity of natural assay uranium stored in feed cylinders of various origins belonging to USEC, customers and feed suppliers. Most of feed inventory must be transferred into shippable cylinders. Transfer is accomplished by vapor transfer from the C-333-A vaporization facility to the C-315 withdrawal building.

This repackaging work is expected to complete during the first quarter of 2014. The operations following the repackaging will not involve significant quantities of UF₆; thus, the potential for risk to the offsite public from the accidents postulated in the Safety Analysis Report is greatly reduced. The remaining UF₆ will be removed from the facilities used for the inventory repackaging and will be withdrawn at C-310. Small quantities of UF₆ will be processed in the laboratory for analysis. Upon completion of these final tasks in the second quarter of 2014, USEC operations at PGDP involving nuclear material will be limited to storage and handling of cylinders containing solid UF₆ and disposition of low-level radioactive waste.

USEC, therefore, requests that for purposes of an appropriate 10 CFR Part 171 annual fee determination for the remaining PGDP NRC certified activities, that PGDP be removed from the enrichment category and placed into a category that appropriately reflects its remaining limited operations. If you have any questions regarding this matter, please contact me at (301) 564-3250.

Sincerely,



Steven A. Toelle
Director, Regulatory Affairs

cc: J. Hickey, NRC Region II
O. Siurano-Perez, NRC HQ
B. Smith, NRC HQ