

June 5, 2014

MEMORANDUM TO: James W. Andersen, Deputy Director  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

THRU: Thomas Grice, Acting Chief **/RA/**  
Uranium Enrichment Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

FROM: Osiris Siurano, Project Manager **/RA/**  
Uranium Enrichment Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

SUBJECT: MAY 12, 2014, DROP-IN VISIT/MEETING SUMMARY:  
STATUS UPDATE ON AMERICAN CENTRIFUGE PROJECT

On May 12, 2014, two USEC, Inc. (USEC) representatives visited the U.S. Nuclear Regulatory Commission's (NRC) Office of Nuclear Material Safety and Safeguards, Division of Fuel Cycle Safety and Safeguards, to provide an update on the company's restructuring and the current status of USEC's American Centrifuge Project.

Enclosed is the meeting summary (Enclosure 1); the attendance list (Enclosure 2) and USEC Inc.'s presentation (Enclosure 3) for your consideration.

Docket Nos.: 07007003, 07007004  
License Nos.: SNM-7003, SNM-2011

Enclosures:

1. Meeting Summary
2. Attendees List
3. USEC Inc. Power Point Presentation

cc: P. Miner/USEC Inc.

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**Drop-In Meeting Summary:**  
**Status Update on the American Centrifuge Project**

DATE: May 12, 2014

PLACE: U. S. Nuclear Regulatory Commission (NRC), Headquarters  
3 White Flint North  
11601 Landsdown Street  
North Bethesda, MD 20852

Purpose:

On May 12, 2014, U.S. Nuclear Regulatory Commission (NRC) staff met with Mr. Paul Sullivan, Vice President and Chief Engineer, American Centrifuge, USEC Inc. (USEC), and Mr. Peter Miner, Director Safety and Safeguards, USEC to provide NRC staff with a general update on USEC's Chapter 11 restructuring; a Research, Development, and Demonstration (RD&D) Program summary and closeout; concurrent project team focus; overview of USEC's subcontract with the Oak Ridge National Laboratories (ORNL); and restructuring of the American Centrifuge Project (the project). Mr. Steven Penrod, Vice President Enrichment Operations, and Mr. Vernon Shanks, Manager, Regulatory Services, participated by telephone. In addition, the USEC representatives briefly discussed the current status of the Paducah Gaseous Diffusion Plant (PGDP).

Discussion:

*Status of USEC Restructuring*

During the meeting, Mr. Sullivan discussed the status of USEC's voluntary, prearranged plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code. The plan was filed on March 5, 2014. Mr. Sullivan noted that this process relates only to the parent company (i.e., USEC Inc.) and does not affect its subsidiaries, which include American Centrifuge Operating, LLC (ACO), the holder of the Title 10 of the *Code of Federal Regulations* (10 CFR) Part 70 licenses for the Lead Cascade facility and the American Centrifuge Plant (ACP) in Piketon, Ohio, and the United States Enrichment Corporation, the 10 CFR Part 76 Certificate of Compliance (CoC) holder for the PGDP in Paducah, Kentucky. Mr. Sullivan also stated that USEC expects to emerge from the Chapter 11 bankruptcy later this summer, and its creditors are then expected to own 79% of USEC; accordingly, there will be a new Board of Directors.

*Status of the American Centrifuge Project*

Mr. Sullivan discussed the closeout of the RD&D project where all Milestones, Performance Indicators, and U.S. Department of Energy (DOE) tests were completed successfully. The project funding ended on April 30, 2014. He also discussed the status of discussions with ORNL regarding the new sub-contract with ORNL (approved by the court on April 30, 2014) to continue the operations at the Lead Cascade under the Part 70 license. Mr. Sullivan noted that ORNL would fund the project under their existing contract with DOE. The Scope of Work in USEC's sub-contact with ORNL has three tasks which requires USEC to provide monthly reports.

Mr. Sullivan stated that USEC's business goal is to preserve its option of later conducting commercial uranium enrichment operations that it hopes to pursue after the market for enriched uranium recovers from the post Fukushima accident effects. In this regard, Mr. Sullivan stated that USEC's loan guarantee application to DOE, which would allow USEC to fund expansion of the ACP into a commercial uranium enrichment operation, is still pending. He also emphasized that under the new sub-contract with ORNL, ORNL has the right to observe – but not operate – ongoing enrichment activities.

*Status of the Paducah Gaseous Diffusion Plant*

During the meeting, the USEC representatives briefly discussed the status of the PGDP. In this regard, they stated that USEC expects a de-lease date of October 1, 2014. Accordingly, a request to the NRC to terminate the 10 CFR Part 76 CoC is expected in the coming weeks.

The meeting was adjourned at around 2:00 p.m.

Action Items:

No action items for the NRC staff were identified during this meeting.

**Attendees List**

**Meeting Between U.S. Nuclear Regulatory Commission and USEC, Inc.**

**May 12, 2014**

**NRC**

M. Bailey, NMSS/FCSS  
J.K. Everly, NSIR  
T. Grice, NMSS/FCSS  
J. Hull, OGC  
O. Siurano, NMSS/FCSS  
B. Smith, NMSS/FCSS  
G. West, NSIR

**USEC**

P. Miner  
P. Sullivan  
S. Penrod (telephone)  
V. Shanks (telephone)