



Meeting with U. S. Nuclear Regulatory Commission Staff

Status Update on American Centrifuge Project

May 12, 2014

Information contained within
DOES NOT CONTAIN
Export Controlled Information

Peter J. Miner	167	05/09/14
ECI Reviewer	No.	Date



Meeting Purpose

- Provide NRC staff with general update on USEC Inc. restructuring
- Provide NRC staff with information on the following topics relating to the American Centrifuge Project
 - Research, Development, and Demonstration (RD&D) Program Summary and Closeout
 - Concurrent Project Team Focus
 - Overview of ORNL Sub-Contract
 - Project Restructuring

USEC Inc. Restructuring

- **USEC Inc. filed voluntary, prearranged plan of reorganization under Chapter 11 on March 5**
 - Plan supported by majority of noteholders and by preferred investors, Toshiba and Babcock & Wilcox
 - Daily operations continued unaffected
 - Filing relates only to parent company
 - American Centrifuge LLCs not affected
 - United States Enrichment Corp. not affected
 - USEC to fully meet obligations to customers and suppliers as operations continue
 - Bankruptcy court approved sub-contract with Oak Ridge National Laboratory (ORNL), which was executed on May 1
 - American Centrifuge project being realigned to meet requirements of new agreement and funding levels
 - Hearing for disclosure statement scheduled for June 9

RD&D Program Summary and Closeout

- **RD&D Program Execution Summary**

- Cost and Schedule met performance targets
- Full \$280M DOE funds were provided
- USEC funds \$70 Million
- Underruns and reduced spend profile enabled extension past original December 31, 2013 project end date
- Extensions went through April 30, 2014, completing Cooperative Agreement scope

- **RD&D Results**

- All Technical Milestones completed successfully
- All Performance Indicators completed successfully
- All DOE Tests completed successfully – expanded scope of Test 9 to continue characterization of cascade observations
- Assembled last 3 centrifuges under RD&D Cooperative Agreement Scope of Work

Concurrent Project Team Focus

- **RD&D Cooperative Agreement**
 - Closeout RD&D Cooperative Agreement requirements
 - Complete final reporting
 - Continue Commercial Demonstration Cascade activities, including conducting recycle operations
- **ORNL Sub-Contract**
 - Develop and execute project baseline for new Scope of Work
 - Secure funding for the remainder of FY 2014
- **Wind-down and demobilize project activities that are not part of ORNL scope**
 - Execute Project Team restructuring, reporting, and scope under new contract
 - Demobilize Manufacturing and Construction activities
 - Asset Disposition for assets no longer required under ORNL sub-contract or otherwise useful for program
 - Intellectual Property capture, protection, and transfer

Overview of ORNL Sub-Contract

- **ORNL will fund the program under their existing contract with DOE**
- **Scope of Work in USEC sub-contract with ORNL provides for three tasks**
 - Task 1 – Progress reporting on operation of Commercial Demonstration Cascade in Piketon, Ohio
 - Task 2 – Progress reporting on operation of Pathfinder Centrifuges (Virtual Test Machines 1 and 2 at K-1600)
 - Task 3 – Reporting on Centrifuge Design Research and Development – Cascade Performance, Value Engineering, Machine Reliability, and Molecular Pump
- **Contract**
 - Fixed price
 - Period of performance – May 1 through September 30, 2014, incrementally funded
 - Two six-month options for extension October 1, 2014 through September 30, 2015
 - Funding at \$6.8 million per month

Project Restructuring

- **Project Team changes result from new Scope of Work**
 - American Centrifuge Operating (ACO), licensee for Lead Cascade and American Centrifuge Plant, sustained at current rate
 - No changes to licensed activities or organizational structure
 - Machine Technology sustained at rate determined by Tasks 1 and 2, plus additional tasking under Task 3 authorized and funded by ORNL
 - Methodical demobilization of:
 - Manufacturing
 - ✓ American Centrifuge Manufacturing becomes wholly owned by American Centrifuge Holdings
 - ✓ Closing out contracts with Babcock & Wilcox, Alliant Techsystems, Inc., Major Tool & Machine, Curtiss-Wright, and other key suppliers that support the centrifuge manufacturing base
 - Engineering, Procurement and Construction (EPC)
 - ✓ Closing out contracts with Fluor, Teledyne Brown Engineering, Kerotest and other EPC strategic suppliers
 - Process Engineering Testing and Equipment (PETE)
 - ✓ Closing out contracts with Metaflex, Platom Oy and other PETE suppliers

Next Steps

- Closeout RD&D Cooperative Agreement requirements and reporting
- Begin monthly reporting in accordance with ORNL sub-contract
- Maintain operations in Piketon in accordance with Lead Cascade license requirements
- Restructure project to meet requirements of ORNL sub-contract
- Secure funding for the remainder of FY 2014