



Meeting with U. S. Nuclear Regulatory Commission Staff

Status Update on American Centrifuge Project

May 12, 2014

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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