

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION  
\*\*\*  
BRIEFING ON CERTIFICATION OF USEC  
\*\*\*  
PUBLIC MEETING  
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Nuclear Regulatory Commission  
Room 1F-16  
11555 Rockville Pike  
Rockville, Maryland

Wednesday, August 28, 1996

The Commission met in open session, pursuant to notice, at 10:00 a.m., the Honorable SHIRLEY A. JACKSON, Chairman of the Commission, presiding.

COMMISSIONERS PRESENT:

SHIRLEY A. JACKSON, Chairman of the Commission  
KENNETH C. ROGERS, Member of the Commission  
GRETA J. DICUS, Member of the Commission  
NILS J. DIAZ, Member of the Commission  
EDWARD McGAFFIGAN, JR., Member of the Commission

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STAFF AND PRESENTERS SEATED AT COMMISSION TABLE:

JOHN C. HOYLE, Secretary  
KAREN D. CYR, General Counsel  
WILLIAM TIMBERS, President & CEO, USEC  
WILLIAM AXELSON, Acting Deputy Administration,  
Region II  
CARL PAPERIELLO, Director NMSS  
JOHN HICKEY, Chief, Enrichment Branch, NMSS  
WALTER SCHWINK, Section Chief, Uranium  
Enrichment Standards, NMSS  
JAMES TAYLOR, EDO

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P R O C E E D I N G S

CHAIRMAN JACKSON: Good morning, ladies and gentlemen.

I both want to welcome and to introduce to you Commissioner Edward McGaffigan, who is in his first public meeting as a commissioner.

Do you have any comment you would like to make?

COMMISSIONER McGAFFIGAN: Thank you, Dr. Jackson.

I just will say the same thing here I said upstairs. I intend to try to be the best commissioner I can be in the coming three years and ten months. I bring a different perspective. All my friends upstairs are largely from the Defense world. I hope that perspective helps strengthen the Commission.

Thank you.

CHAIRMAN JACKSON: I had on a previous meeting this week introduced our other newest commissioner, Dr. Nils Diaz. I had introduced him in a smaller public meeting.

Would you like to make a comment?

COMMISSIONER DIAZ: I'd just like to say that I am really glad I am no longer the union member of the Commission.

[Laughter.]

CHAIRMAN JACKSON: Thank you.

This morning, Mr. William Timbers of the United

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States Enrichment Corporation and the NRC staff will brief the Commission on the results of the certification process for the USEC gaseous diffusion facilities, located in Paducah, Kentucky and Portsmouth, Ohio.

The Energy Policy Act of 1992 and the USEC, that

is, U. S. Enrichment Corporation Privatization Act of 1996 placed the responsibility of certifying the gaseous diffusion plants on the NRC. Since the 1992 act, the Commission has established standards for the plants that will protect public health and safety. We have also established a certification process.

In September of 1995, USEC submitted a revised certification application that is being addressed and is the subject of discussion here. The staff has briefed the Commission a number of times regarding the status of the certification process. Following a previous briefing, the Commission directed the staff to prepare a paper summarizing the safety assessment and to brief the Commission when the certification process was complete, but before issuing certification. That is, then, the subject of this public meeting and we look forward to hearing about the results.

I understand that copies of the staff papers and charts are available at the entrances to the meeting.

Do any of my fellow commissioners have any additional comments?

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[No response.]

CHAIRMAN JACKSON: If not, Mr. Timbers, you may proceed.

MR. TIMBERS: Thank you, Chairman.

First of all, before I begin, I would like to say a few remarks. First of all, I would like to introduce my colleagues with me here today. First of all, is George Rifakes, who is executive vice-president for Operations for USEC and Rob Woolley, who is manager for Nuclear Regulatory Assurance at USEC.

Second of all, as an executive in the nuclear fuel business, it is tremendous from our industry standpoint to be the first to sit in front of five commissioners for a long time with the Nuclear Regulatory Commission. I think that it is an indication of an additional commitment to this arena and we are very pleased to be sitting here today and presenting to the entire Commission.

I think the first time I addressed the Commission, there were two commissioners. So, great progress has been made in the last couple of years in that regard.

I would like to move to my remarks regarding our observations about the regulatory process. I'd first like to recognize Chairman Jackson, Commissioner Dicus, Commissioner Rogers, Commissioner Diaz and Commissioner McGaffigan and members of the NRC staff. I thank you for

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the opportunity to be here today and to offer first my brief comments about the application process for certification of our gaseous diffusion plants and second, to clearly state USEC's position and philosophy as a regulated nuclear fuel company under the NRC.

We have been actively a certification application for the gaseous diffusion plants since 1994. In May of 1995, I appeared by the NRC Commission and committed USEC to listen carefully to NRC's concerns and direction, to address each and every issue raised by the NRC and communicate completely and openly, directly with the NRC.

We have diligently pursued each of these commitments over the past 15 months and we were met with an equally diligent effort on the part of the NRC staff. Both USEC and the Commission staff have worked very hard to get here today. Our far-ranging and intensive interactions have involved diverse experts from the Commission, the Department of Energy, USEC, Lockheed-Martin Utility Services and others, working together to conclude a unique undertaking.

There was no precedent for NRC certification and regulation of an operating gaseous diffusion plant and we share the challenges of developing a sound framework for NRC's regulations of these plants. To be sure, none of the participants thought this would be an easy or straightforward process. It has, in fact, been a tough, a

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challenging and perhaps not surprisingly, even a bit contentious process at times.

Since all of us have been working in uncharted territory, differing perspectives, considerations and constraints came into play. I'm gratified that all parties involved have been able to constructively address and reconcile these matters so that there is an agreement on the methods by which we will continue the safe operation of the plants. We are now on the threshold of completing the initial step toward certification and moving to the next

stage, the operation of the gaseous diffusion plants under NRC regulations.

The 110 reactors and nine fuel facilities that the NRC regulates have nuclear operating histories, the past experiences which have been well known to the NRC since those facilities were first licensed and operated. The Paducah and Portsmouth plants are the first facilities to be already in operation prior to coming under NRC regulation. I know the uniqueness of the situation is well understood. Since we are bringing to you an existing history, we will focus on what we want to be and the company that we will be.

There is an agreement that, historically, the gaseous diffusion plants have been safely operated. I want to assure you and the NRC staff that, first, we are confident about our ability to continue such safe

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operations. Second, we are equally committed to working with the NRC to secure and maintain your continued confidence in us and in our performance.

I make this commitment not only because you would expect no less from us, but also because of another motivation as well. It makes good business sense. Safety is good for the bottom line. It is a key element in our overall business strategy. It has been today. It has since we began our operation in 1993.

In implementing the mandates of the Energy Policy Act, USEC's management developed a three-part commitment to succeed. The three elements of that commitment are performance, efficiency and safety. None can exist without the others. Each depends upon the others for success. Production, performance and efficiency keeps people employed and makes profits, which are required to make investments and safety possible. Safe operations protect the company's assets and assures that efficiency and production goals can be met.

Neither a facility owner nor the regulator should focus on one element at the exclusion of the others. We view them as inseparable. Safety is a continuous process. It is not an end. We have and we will continue to work for ways to improve.

We have, for example, reorganized the plants along

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functional lines. We have brought in individuals with nuclear plant operating experience to complement experienced plant staff.

Consistent with NRC's interests, we have enhanced USEC's oversight of plant operations. Last fall, we established a safety, safeguards and quality organization at the site, reporting to Mr. Rifakes, USEC's executive vice-president. This organization is responsible for assuring compliance with applicable regulatory requirements and USEC policies.

We have established new management expectations about rigor and formality of operations. To further improve plant safety and operations, we have formed a plant performance review committee or PPRC, composed of outside representatives with extensive nuclear experience, to provide an objective external perspective to our senior operations management. This committee has been meeting for the past 18 months.

We have developed an action plan to provide a sound basis for improvement of management controls to insure safe operations of the plants. For example, we are enhancing management controls over policy and procedural programs, corrective action programs, performance measures, audits and self-assessment and training programs. With DOE, we are preparing a new accent analysis to serve as the

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technical baseline for the plants.

We have learned a great deal and we are improving on our abilities. We are committed to constant review and continuous improvement of our performance. We have been consistent in our commitment to a vision for the future operation of the plants. That vision must always start with assuring the safety of the public, our workers and the environment. There is no room for complacency. We will continually work to maintain and approve margins of nuclear and industrial safety.

I also want again to acknowledge NRC for its well-earned reputation for excellence in the conduct of its regulatory activities. I commit to you that we will be open and responsive in all of our dealings with the Commission.

We have made commitments. We have made

commitments to ourselves. We have made commitments to our employees, to our contractors and to you, the Commission. We take the commitments that we have made in the application and the compliance plans and the new technical safety requirements very seriously. I want to reconfirm to you that, our first and foremost commitment without reservation of any kind is the safe operation of our plants.

We look forward to a successful and productive relationship with you our new regulator, as we both work relentlessly to maintain the same goal, the continued safe

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operation of the uranium enrichment plants.

Thank you.

CHAIRMAN JACKSON: Thank you.

Mr. Timbers, can you tell us a little about how privatization has impacted the certification action or vice-versa if at all with the linkages? Then I or, I believe, Commissioner McGaffigan may have a follow on question for you?

MR. TIMBERS: Most everything we do is interrelated. There are many activities that we are involved in. I have constantly maintained from the privatization standpoint that these plants for 40 years have operated safely. They have operated largely efficiently and productively by the Department of Energy and its predecessors.

Accordingly, from a privatization standpoint -- and I have made this to the representatives of the financial community -- that it should not -- the certification process is a continuum in the regulatory environment we work in and should not have an impact on the privatization per se. We are currently regulated at this moment by the Department of Energy. We are regulated. The regulation will change under NRC to a different form and a different regime. All that will do is continue the safe operation and continue the regulation in even a more rigorous manner than has been done

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in the past.

So, what it will do for privatization, it will not impair the timing or the impact of privatization. What it does do is provide investors greater insurance that the plants will continue the safe operation.

I come from the private sector and I do emphasize again that it makes good business sense to run safe plants. We find that, from an investor's standpoint, from a privatization standpoint, the implementation of the certification process here now and the regulations from NRC will only enhance the privatization efforts and the privatization results of USEC.

CHAIRMAN JACKSON: I had a follow on question having to do with your being the U. S. Government executive agent relative to some issues with high enriched uranium. I'm going to defer to Commissioner McGaffigan.

COMMISSIONER MCGAFFIGAN: I'd like to just explore something that was on the front page of the "New York Times" today. It probably brings my national security bias out in the open right at the outset. That is one of our functions as a commission is to protect the national security as well as public health and safety. It strikes me that, Russian highly enriched uranium makes it very difficult for you to make a profit.

The "New York Times" article talks about an

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incident that occurred earlier this summer where our -- Senator Domenici managed to get you all to buy some Russian highly enriched uranium which you were reluctant to buy, according to the article, because of its threat to profits.

Have we set you up for failure? Can you possibly make a profit if we do the right thing by our national security interests and we buy the Russian highly enriched uranium in the quantities that we should buy it?

I prefaced that by also saying, last month, the Nunn-Lugar-Domenici amendment passed the Senate 98 or 99 to nothing and I think that the sentiment in the Congress to deal with the post-cold war effects of vast amounts of Russian weapons material being available is self-evident. The Congress is intent on working on this.

So, how do you make a profit when you have this vast amount of Russian HEU to be blended down and which Congress probably, if not now maybe next year, will tell you that you need to buy in quantity?

MR. TIMBERS: Well, I'm glad you asked the question.

I guess first of all, one of the first things someone told me when I came to Washington is, the news reports written in any kind of newspaper, in due deference to the press, are generally about 50 percent accurate. There is another 50 percent that has not been shown. I

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might quibble with the percentages on this article, but I think that premise still holds true here.

Let me state a couple of things first.

This Russian HEU deal, this megatons to megawatts deal is working. It has been proven to be extremely successful. I think it is one of the great national policy successes in the last three years. There are a lot of commentators, pundit, professors that would like to create a Cassandra environment. But Commissioner, let me say clearly, it isn't there.

There is a contract that we operate under that stipulates the maximum amount of quantities to be brought in in any given year. We are exceeding them. We are exceeding those. We are exceeding the quantities the contract calls for. We are bringing in the material consistent with national security interests.

I think that at this point -- in the first year, we brought in six metric tons of highly enriched uranium. That was in 1995. In 1996, we will bring a total contract of 12 metric tons. I would point out to you, Commissioner, the contract called for ten. We are going to bring in 12 this year. We are under discussions of what the delivery should be in 1997.

Now, let me make something very, very clear.

We are executive agents for the United States of

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America. I don't have a foreign policy desk. I don't have a Russian desk in my company. Therefore, we do not set foreign policy. We act under the guidance and direction of the United States Government.

Now, in the discussions that go on with the Russian Federation, I don't particularly care to negotiate those discussions in the "New York Times," but we do talk at all times with the United States Government and related agencies on this. I think it is clear to say that, in any discussions we have with the Russian Federation, we brief the government before the meeting. We brief the government during the meeting and we brief the government about the results.

So, the implications are referred to in this article, that we are making unilateral decisions, that is not the way it works. Everybody knows who the executive agency works and what our responsibilities are and how we have conducted our affairs knows that, the 50 percent error in the "New York Times" applies certainly to that arena there.

You have asked also, have we set you up for failure. This is a difficult issue. It always has been a difficult issues, but we at USEC have faced difficult issues since we began in this organization. Just the very nature of being certified has been a more difficult process. It

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has been a longer process than we all anticipated. These kinds of challenges are consistent with our operations.

There is a long commitment by myself personally and by USEC as a corporation to the successful implementation of this deal. We think it makes good business sense. We think it makes good national policy sense and it happens to be a fortunate confluence of both of those issues. To bring this material into the marketplace, we are the only entity that has the financial resources to provide the stability of this deal. We are the only entity that has the technical resources to solve the problems that have been inherent in creating a brand new transaction like this. We are the only entity that has the market penetration to be able to bring the material in and sell it out into the marketplace. That is why we are the executive agent.

Now, let me just give you an idea about the technical side.

Again, the commentaries, the commentators, the pundits and the professors always were wringing their hands about why wasn't this thing done. Why wasn't this thing -- let me just move all this stuff out of Russia and put it here in the United States.

Well, unfortunately, it always easy to sit in an ivory tower and make those kinds of observations. But this

had never been done before. It took us over a year meeting bi-monthly with Russians to work out the technical considerations about how this was to be done. Let me give you an example.

The Russians asked us -- they said that we cannot meet ASTM specs, which the contract called for. Would you mind if we gave out out-of-spec material? We asked them, well, what is that out-of-spec material? Well, it has plutonium in it. I thought, this is a little problematic. Now, the professors in the ivory towers could say, well, okay, they just decided to say no. But what we did do, we didn't do that.

We met bi-monthly with the Russians that first year and came up with ways and used our technical resources to work with them to find a way to bring the material in-spec. It is delivered today according to ASTM regulations. It took us a while to do that. It wasn't easy. That is just one example of meeting the technical capabilities to be able to meet this.

The introduction of this material into the marketplace makes good business sense to us. You know, we are in this tough situation to try to run a business, a regulated business but still maintain this responsibility. It is clear that this is an imperative for national security, that the material come out of Russia, that this

deal work. We believe that. If we are not involved in it, if we're not involved in it, we're going to see the material on the other side of the fence.

We could see the material from our purchasing it. If we don't purchase it, someone else is going to purchase it. We are going to see it in the marketplace.

Now, if you were involved with a commodity and you had the opportunity to take this commodity, purchase it and you had the financial wherewithal and you had the technical capability and you had the market penetration to be able to introduce it into the marketplace and do it in a stable way, provide stable pricing, which is a requirement under the suspension agreement and do this in a way that protects the national security, you'd rather do that than have it introduced in an ad hoc manner that has impacts in terms of the marketplace, price stability.

I think that it is clear that it makes sense to us that we continue to serve in that role. We want to serve in that role. We think it makes good business sense because if we don't serve in that role, we are going to see it in the marketplace in any event.

CHAIRMAN JACKSON: Thank you.

COMMISSIONER McGAFFIGAN: Could I just ask one thing?

CHAIRMAN JACKSON: Go ahead.

COMMISSIONER McGAFFIGAN: This really maybe goes to our own staff, but there clearly is a dialogue. You've talked about briefing people before, during and after meetings with the Russians. There appears to be a dialogue that goes on, if this is 50 percent correct, perhaps with the senior levels of the Department of Energy as to how much you should exceed the contract this year by.

When you cease to be regulated by DOE and come over to us, do we then become the entity that engages in that dialogue --

MR. TIMBERS: No, no.

COMMISSIONER McGAFFIGAN: -- or will it continue to be the Department of Energy and the Department of State?

MR. TIMBERS: It is actually led by the National Security Council and our interface on a day to day basis is with the State Department. We are supported by the Department of Energy. So, those are the three that are involved in it.

There has been completed a memorandum of agreement between USEC, the State Department, National Security Council and Department of Energy exactly about how that dialogue will occur, exactly how the interface would be conducted and also what our rights and responsibilities are and what the rights and responsibilities of the United States are, how changes could be made. It has all been laid

out in the memorandum of agreement.

So, therefore, it does not involve -- in that regard, it does not involve the NRC. I think that all this memorandum of agreement has done is codify our existing

practices of dialogue, communication and consultation.

CHAIRMAN JACKSON: I think we will go on.

Commissioner Rogers?

COMMISSIONER ROGERS: I am curious with respect to what you anticipate DOE's role will be in your long term future in connection with any of the technical that would be of concern to us from a safety point of view?

MR. TIMBERS: I think I would defer to George Rifakes on that question.

CHAIRMAN JACKSON: Would you speak at the podium or you can come to the table.

MR. RIFAKES: As you know, we are still dealing with HEU. That is a DOE responsibility. In NRC space, we are limited to dealing with material that is ten percent or less enriched. Anything in excess of that, DOE will continue to be the regulator.

Additionally, there are DOE operations ongoing at the sites. We have an interface with DOE to the extent that interface enters NRC space, obviously the relationship is there. Finally, DOE is the landlord and they have a say on matters of safety in the landlord's sense that we are going

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to have to comply with.

So, the relationship, while NRC will be the nuclear regulator with respect to the material we are producing, the relationship is going to be a tripartite relationship for a long time.

COMMISSIONER ROGERS: Will you have to depend upon DOE for doing analyses to back up your responses to any questions that NRC may have?

MR. RIFAKES: We don't anticipate that.

COMMISSIONER ROGERS: You will be able to be self-contained then?

MR. RIFAKES: Yes, self-contained or with contractors or through contractors just like all your other licensees are.

COMMISSIONER ROGERS: Well now, since you have a combination of DOE-regulated and NRC-regulated activities on site, how do you visualize keeping those segregated in the sense that, if you really got two styles of regulation and they are always going to be somewhat different, how do you keep those from getting mixed?

MR. RIFAKES: Well, there are two styles of regulations. There are two areas where regulation occurs. Staff, your staff and our staff, spend countless hours trying to delineate those in order to assure that we do not do DOE-type activities in a manner that is violative of NRC

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requirements. I think that has been pretty well handled and it is well documented in the application and in the responses to questions.

COMMISSIONER ROGERS: Roughly what percentage of, say, your total activities would be regulated by DOE and what would be regulated by NRC?

MR. RIFAKES: Long run, it is going to be a very small percentage. Today, I would believe it's going to be less than ten percent.

As you know, we are handling some HEU at Portsmouth. We are feeding it into the cascade in order to change its identity to LEU. That is a DOE requirement. The very massive nature of our operations and of the role of NRC within those operations leads me to believe that it would be clearly less than ten percent, maybe even less than five.

Rob, do you want to venture a guess in there?

MR. WOOLLEY: I agree with you.

MR. RIFAKES: It's going to be very small and over time, as the HEU is disposed of, that will get less and less. Hopefully, some day, there won't be any.

COMMISSIONER ROGERS: Fine, thank you.

CHAIRMAN JACKSON: Commissioner Diaz?

COMMISSIONER DIAZ: Yes, I guess we're going to talk about the same issue now that Commissioner McGaffigan brought it up. From a safety point of view, if we start

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mixing large amounts of HEU from Russia, is the variability and the composition of the materials -- which I am sure you are experienced -- is it going to pose longer term safety concerns as far as fuel? Are your plans going to be able to essentially homogenize it to the point where it will be indistinguishable?

MR. TIMBERS: We receive -- actually, it is always a misnomer to talk about the Russian deals and HEU deals, because we receive low enrich uranium, LEU FOB St.

Petersburg. The blending down occurs in Russia. So, the transportation on the high seas and our receipt of it is in low enriched uranium just like we produce, at specific assays that we request. This is in the neighborhood of four to five percent just like we produce out of our plant.

When I say that we have worked with the Russians to meet the ASTM specs, it was very important to the long term success of this deal over 20 years that, this material be viewed in the international marketplace as transparent to U. S. material.

So, what we are supply is a commodity that is produced in Russia, derived from nuclear weapons HEU. So, I do not think those concerns that you have described apply here because we are going to -- we are receiving and have been receiving since June of 1995 a commodity that looks and acts just like the material that we have. There are small

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isotopic changes than what we normally produce. That is within the specifications of our contracts with our customers.

COMMISSIONER DIAZ: Yes.

I'm not concerned about the isotopic enrichment of the uranium. I am concerned about contamination with other materials.

MR. RIFAKES: The material meets the ASTM specs for commercial nuclear fuel. Everything they have delivered has been well within that specification.

COMMISSIONER DIAZ: All right.

MR. TIMBERS: That is why we worked a year with the Russians to insure that did occur. If, in fact, we just said, okay, you don't have to meet ASTM, we would have a 20-year problem. Now, we have spent a year solving that problem, which helps put the deal on a stable, technical basis.

COMMISSIONER DIAZ: Okay, thank you.

CHAIRMAN JACKSON: Yes?

COMMISSIONER McGAFFIGAN: Just to follow up on Nils, you just mentioned a moment ago that you have some HEU at Portsmouth. Is there some HEU that comes in as HEU that is not blended down?

MR. TIMBERS: No, this is U. S. HEU.

COMMISSIONER McGAFFIGAN: U. S. HEU, okay.

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So, that you are doing for the U. S. Government?

MR. TIMBERS: Yes or material that has been transferred to us.

I would like to just make one last comment here.

CHAIRMAN JACKSON: One last comment.

MR. TIMBERS: It is about the 50 percent rate and I think it is good to put this into context.

I personally volunteered and passed on a message to the "New York Times" reporter, if you would like to talk to me. He refused. He did not want to talk to me. So, any time someone writes an article of that sort, where they do not want to talk to the one who is in charge of one side of the transaction and only is giving the view of a few people out of Cambridge, Massachusetts, I think it falls within the 50 percent test.

CHAIRMAN JACKSON: I think we are not here to debate the quality of press reporting nor are we here to debate U. S. foreign policy within the USEC context. So, I'm going to take it back down to a very basic set of questions.

MR. TIMBERS: We welcome that and we welcome our purpose in being here and that is, certification of our gaseous diffusion plants.

CHAIRMAN JACKSON: Well, let me just ask you a couple of straightforward questions.

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My staff tells me that different companies within the Lockheed-Martin group have contracts to operate the gaseous diffusion plants with the USEC on the one hand and also to prepare the upgraded safety analysis reports for DOE on the other. Is the separation of the companies within the group sufficient to avoid any potential conflicts of interest?

MR. TIMBERS: Well, George, do you want to?

MR. RIFAKES: They have done more than just build a Chinese wall between these two companies. They act very competitively for everything. When we came over and did the transition, Lockheed-Martin Utility Service was advising us. Energy Services, which is the DOE company, was advising them and I can tell you, it was a very, very tough negotiation.

Neither side gave any quarter and they have acted that way ever since.

CHAIRMAN JACKSON: Okay, thank you.

If NRC certifies the two plants, what assurances do we have that you will, in fact, meet your commitments and timetables during the transition period? Let me give a little bit of specificity to it.

The NRC staff has mentioned the number of technical areas that have yet to be resolved. Also, the upgraded safety analysis report is likely to add to the list of needed improvements. These actions do have costs

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associated with them, in fact, can be costly.

Has the privatization affected or will it affect your ability or your decision-making relative to the scheduling of these safety improvements?

MR. TIMBERS: Well, there are two things. One is the cost and the other is the scheduling relative to privatization. Again, we think the plants are run safely. DOE currently regulates them. There is no question in terms of the exposure and safety to the public employees or to the environment. We view this as an ongoing, continuing basis. As somebody who has had experience on the other side of the fence, I do not necessarily see any difficulty in a privatization that is actually consummated during this transfer period.

In terms of the costs, the costs in terms of completing this regulatory process has been worked out with the DOE representing the United States Government about how the costs are allocated between the U. S. Government and USEC, as a private corporation. So, on a going forward basis, a company or investors who would purchase USEC would understand clearly that delineation of costs and responsibilities.

CHAIRMAN JACKSON: Okay.

Can USEC negotiate the upgraded safety analysis report with DOE or must you accept whatever DOE provides.

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MR. RIFAKES: I'm not sure negotiation is a fair characterization. DOE has the responsibility to prepare it. We, like Commission staff, have opportunities to comment and where we have disagreement, if we have a technical basis for that disagreement and it is sound, I'm sure that DOE would accept a change.

CHAIRMAN JACKSON: I actually have a question for DOE, whoever the representative is in the audience. Is the upgraded safety analysis report on schedule? Will it definitely be issued in February of next year?

MR. PARKS: I am Joe Parks, Oak Ridge Operations Office.

The answer is yes to that question.

CHAIRMAN JACKSON: My understanding is, we are to get copies of that from you at the same time that it is originally provided to USEC; is that correct?

MR. PARKS: We have made that commitment.

CHAIRMAN JACKSON: Okay, thank you.

Any further questions from the commissioners?

[No response.]

CHAIRMAN JACKSON: If not, thank you, Mr. Timbers. I think we will hear from the NRC staff.

MR. TIMBERS: Thank you.

CHAIRMAN JACKSON: Mr. Taylor.

MR. TAYLOR: Good morning.

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With me at the table today are Carl Paperiello, director of the Office of Nuclear Material Safety and Safeguards, Bill Axelson on my far right, acting deputy, Regional Administrative Region III, John Hickey, the chief of the Enrichment Branch and Walt Schwink, the section chief for the Enrichment Standards Section.

Also, I would like to note that our two senior residents are here today. I will ask them to stand, Charlie Cox from the Portsmouth plant and Ken O'Brien from the Paducah plant.

The staff has been working for over three years to establish the regulatory framework and complete the initial certification of the USEC enrichment plants. When we briefed you last March, there were still some significant safety issues which required resolution before the staff could certify the plants. Those issues have now been satisfactorily addressed by USEC.

As described in our Commission paper, SECY 96-180, the staff is now prepared to move towards the issuance

of the initial certification based on its finding that there is reasonable assurance that USEC can continue to operate the enrichment plant safely and in compliance with NRC requirements.

Dr. Paperiello will now brief you on how the staff has reached its conclusions and how it plans to continue to

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implement the initial certification process.

Carl.

DR. PAPERIELLO: Good morning.

After the Commission briefing in March and the status of the certification of U. S. Enrichment Corporation, the Commission directed the staff in a memorandum dated April 3rd that, after the certification process is completed and prior to issuing the certification, the staff is to prepare a paper summarizing safety assessments and be prepared to brief the Commission. The Commission urged the staff to move ahead as expeditiously as possible, but at the same time, to insure that safety issues were not overlooked.

The methodology used to resolve significant safety issues and how it unfolded into the compliance plans in the certification process needed to be clearly delineated and documented. My staff and I are here to respond to these directions.

We will review the legislative direction from Congress, particularly since the USEC Privatization Act of 1996 passed since our last briefing. We will discuss our implementing regulations and briefly review the history of certification activities. I will then ask Mr. Axelson to briefly discuss Region III's activities at the gaseous diffusion plants. Then I will discuss the resolution of the significant safety issues raised at the last Commission

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meeting. We will discuss our interaction with other government entities and the public and then I will discuss the basic mechanics of the issuance of the certification documents and the actions.

Can I have slide number two?

[Slide.]

DR. PAPERIELLO: The Energy Policy Act of 1992 did a number of things relevant to the gaseous diffusion plants. U. S. Enrichment Corporation was established to lease and operate the gaseous diffusion plants. The Department of Energy was responsible for preexisting conditions at the gaseous diffusion plants and any costs associated with those preexisting conditions.

The law applied the antitrust laws, OSHA requirements and Section 206, reporting defects, what we would call Part 21 under our regulations and Section 211, employee protection of the Energy Reorganization Act to the U. S. Enrichment Corporation.

The NRC was required within two years to establish standards for certification of gaseous diffusion plants. Annually, the NRC, consulting with DOE and the EPA must report to Congress on the status of health, safety and environmental conditions at the gaseous diffusion plants. NRC shall establish a certification process to ensure U. S. Enrichment Corporation complies with NRC regulations.

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The law provided for annual certification of gaseous diffusion plants. It assigned environmental regulation of the gaseous diffusion plants to the United States Environmental Protection Agency and authorized U. S. Enrichment Corporation to be the U. S. agent for Russian special nuclear material.

The certification process was established by the Commission in Title 10, Code of Federal Regulations, Part 76, issued in September of 1994. The regulations implement the legislation. For example, it requires us to consult with the EPA prior to doing the certification. It basically, besides our normal requirements, broadens all the details of the legislation. It provided for a U. S. Enrichment Corporation application for certification and a DOE-prepared compliance plan.

We have reviewed the submittals that were required by 10 CFR 76. We have held the public meetings required by the regulation. We have solicited input from the appropriate federal, local and state governmental organizations that are required by Part 76. We have prepared a compliance evaluation report, detailing how the application and the compliance plan meets our regulations. We are at the point to issue an affirmative decision on the certification.

May I have the next line?

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The latest legislation provides for the privatization of the United States Enrichment Corporation. There are some things that changed.

It extends the NRC certification interval for up to five years. It gives the NRC exclusive responsibility for regulating radiological hazards. OSHA has the responsibility for non-radiological hazards and requires a memorandum of understanding between OSHA and the NRC. It gives the NRC civil penalty authority. It prohibits foreign control of U. S. Enrichment Corporation.

It authorizes one-step licensing of AVLIS, atomic vapor laser enrichment. It specifies that judicial challenges to the NRC certification decisions and rules will be in the Federal Courts of Appeal rather than the federal District Courts. It requires upon request that DOE accept low-level waste for disposal from the gaseous diffusion plants and other NRC-licensed enrichment facilities.

It does not appear to affect the certification schedule. We are working to implement the provisions of the Privatization Act, such as, changing the enforcement policy to recognize the -- it will apply to the gaseous diffusion plants and to amend Part 76 to change the annual certification period and other provisions of the act.

Can I have the next slide?

[Slide.]

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DR. PAPERIELLO: The original certification application was submitted in April of 1995, but found so inadequate that it was not accepted for review. After working with the USEC staff for several months, the applicant resubmitted a revised application in September of 1995. After review and additional revision, the application is now considered complete and acceptable.

The initial compliance plan was submitted in November of 1995, but USEC also submitted numerous exceptions to the plan. After several revisions, we find the compliance plan is now acceptable.

As part of the application, the U. S. Enrichment Corporation has submitted technical safety requirements. These will replace the DOE operational safety requirements currently in place. These requirements play about the same role as technical specifications in reactor licensing and include safety limits, limiting conditions for operation, surveillance requirements, administrative controls and many of the same things that one finds in reactor technical specifications.

Because the plants currently operate under DOE requirements, they will do so until the NRC assumes jurisdiction.

I would now like to turn over to Mr. Axelson, the acting deputy regional administrator for Region III, who

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will briefly discuss regional activities.

MR. AXELSON: Thank you, Carl.

Some additional background information. I will briefly discuss what the Region's role has been since the Energy Policy Act of 1992. First, we were extensively coordinating all of our regional activities with headquarters. We staffed each gaseous diffusion plants with a senior resident and a resident inspector and we organized a regional branch to be in alignment with headquarters including consolidation of all other Region III fuel facility activities into one branch.

During this interim period, we provided extensive training to our inspection staffs, both headquarters and region, including special training for some of our key senior managers. We trained on unique areas of gaseous diffusion operation, chemical safety, UF<sub>6</sub> handling safety, cylinder testing and certification inspections, some new-type training that we were not familiar with. Our resident inspectors have been extensively involved with the certification process, assisting headquarters staff continuously. We think the resident inspectors brought field operational insights into the certification process which added value.

Our inspection staffs, both headquarters and region, have done some limited benchmarking at other fuel

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facilities. We senior residents routinely visit both facilities as benchmarking and also visited a gaseous diffusion plant in France. We plan to do some more

benchmarking at other fuel facilities in the U. S.

During the interim period, we spent considerable time in the field learning the gaseous diffusion plants and generally assessing plant performance. Our future inspection focus, both the region and headquarters, will be closely monitored to compliance plan, closure and evaluate the facility's readiness to make the transition from DOE to NRC regulatory jurisdiction over the next 180 days. We will be paying particular attention to USEC training and implementation of the new tech spec requirements.

Thank you, Carl.

DR. PAPERIELLO: Thank you.

Can I have the next slide?

[Slide.]

DR. PAPERIELLO: At our March 1996 briefing, we told the Commission there were significant safety issues that still required resolution. These involved worker protection, quality assurance, technical safety requirements, responsibility for DOE material in USEC lease space, elevated enrichment levels, seismic safety and the safety analysis report upgrade. They have been resolved. The Commission paper presents in the attachment how they

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were resolved. Let me briefly discuss them.

Worker protection. We have required USEC to have technical safety requirements to ensure protection of the workers at the gaseous diffusion plants from death or serious injury, from potential accidents involving either uranium hexafluoride or hazardous chemicals or potential criticality. Essentially, the way that has been done is, technical specifications that relate to either releases of material or alarms or alarms not functioning, in addition to certain mechanical actions, also have limits and specifications on what employees are allowed to do, areas they are allowed to enter, protective equipment they must use.

For example, if there is a work area in which alarms are inoperable. So, that is basically how the worker protection is worked into the technical safety requirements.

Another issue is quality assurance. Part 76 requires a QA program for safety systems and their support systems. Revision 2 of the application, did not provide adequate QA for certain safety systems, such as those concerning uranium hexafluoride confinement, criticality protection, prevention and fire protection. The QA program described in the current versions of the application and the compliance plan is acceptable to the staff and has application of QA to these areas.

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Third, technical safety requirements. Many of the technical safety requirements that USEC submitted in earlier versions of its application were not acceptable. They were the subject of numerous meetings and, frankly, it was the last issue that was closed out. It was not until earlier this month that we had a satisfactory set of TSRs. I asked the staff how the numbers compared and I have some detailed numbers, but roughly there are about half as many TSRs as there were OSRs.

Of course, a number of the OSRs dealt with what DOE refers to as asset protection and not just safety issues. A number of what was in the OSRs wound up going into procedures rather than in the TSRs.

CHAIRMAN JACKSON: Carl, perhaps you'd better for the Commission's edification delineate what the TSRs are. You sort of mentioned --

DR. PAPERIELLO: They are technical --

CHAIRMAN JACKSON: -- versus the OSRs.

DR. PAPERIELLO: Okay.

Operational -- DOE had operational safety requirements on the gaseous diffusion plants. They, again, were like the technical specifications for a reactor, although some of them don't -- not just with safety, but also the protection of their investment in the plant. Of course, they map one on one. If you read them, they are

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like tech specs. They are multiple pieces. They are not an exact mapping. We wind up with about half as many TSRs or tech specs as we had OSRs.

Is that responsive?

CHAIRMAN JACKSON: I thought you just said the OSRs were like tech specs.

DR. PAPERIELLO: Well, they did not have tech specs, but they act like tech -- there are limits. On a

reactor, you have a safety limit. You have a limit --

CHAIRMAN JACKSON: No, I understand that.

The OSRs are like tech specs?

DR. PAPERIELLO: Right.

CHAIRMAN JACKSON: The TSRs are?

DR. PAPERIELLO: Sort of like tech specs, too.

CHAIRMAN JACKSON: Also.

DR. PAPERIELLO: Only in DOE's space, they are

OSRs.

When we started this in April of 1995, we had only

one --

CHAIRMAN JACKSON: I'm sorry.

[Laughter.]

DR. PAPERIELLO: I'm sorry.

CHAIRMAN JACKSON: Never mind. I hope we have the picture.

DR. PAPERIELLO: The TSR for autoclaving,

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autoclave testing was of particular concern. This was discussed at the last Commission meeting.

CHAIRMAN JACKSON: Yes.

DR. PAPERIELLO: Autoclaves are used to safely confine uranium hexafluoride cylinder-related accidental releases. While the cylinders are heated to feed their contents into the enrichment processor, carry out sampling out transfer operations. Essentially, it is a steam jacket around a big cylinder. There are 13 autoclaves at Portsmouth and 22 at Paducah. The autoclaves have not been subject or had not been subject to tests at accident pressure since they were initially installed.

The safety concern is whether autoclaves can perform as assumed if there is an accidental release of UF<sub>6</sub>. At issue was the proposed pressure level of tests which was only a fraction of the accident pressure and the frequency of the tests. USEC initiated limited confirmatory tests at accident pressures in early spring of 1996 and will run such tests quarterly. However, staff deemed these tests inadequate because certain important valves were not being tested in the current equipment configuration.

The compliance plan now commits U. S. Enrichment Corporation to expeditiously modify the autoclaves and testing procedures so that adequate tests can be performed.

CHAIRMAN JACKSON: What does expeditious mean?

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DR. PAPERIELLO: Mr. O'Brien, you have the details.

MR. O'BRIEN: Ken O'Brien, I'm the senior resident at the Paducah plant.

Expeditiously means it will be accomplished -- the time table for Paducah is by March of this year when we take over. The time table for Portsmouth, for some of the other valves is a little longer. However, they have developed another methodology which will find with a reasonable assurance that they will operate in the interim.

DR. PAPERIELLO: DOE material in USEC lease space. For many years, certain DOE-owned materials have been stored in parts of several process buildings of both gaseous diffusion plants. These materials include both radioactively contaminated wastes and potentially salvageable equipment and materials. In some cases, the quantities of uranium are undetermined. The matter will be resolved by installing appropriate signs and markers to identify and delineate such areas.

The areas --

CHAIRMAN JACKSON: How many such areas are there?

DR. PAPERIELLO: Mr. O'Brien, what are the areas that are going to be declassified and returned?

MR. O'BRIEN: Throughout all the buildings that they use for the cascade, there are a multitude of areas.

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They are anywhere from ten square feet to hundreds of square feet that encompass previously maintained materials or old equipment or wastes that the DOE presently has and have to take care of.

CHAIRMAN JACKSON: Are there going to be any efforts to consolidate the material or for DOE to remove the material?

MR. O'BRIEN: Right now, the issue of removing it is a DOE issue. The issue of consolidation is one they have been looking at as part of the overall process of looking at it. They have actually done some repackaging of some of the material to make it easier for both maintaining it and inventory on an ongoing basis.

CHAIRMAN JACKSON: Is there any possibility of any of that material radiologically contaminating other areas under USEC's control?

MR. O'BRIEN: That is a sensitivity that we have more monitoring in on an ongoing basis, based upon inspection activities in the field.

CHAIRMAN JACKSON: If that is the case, who then would be responsible for the cleanup and how would we enforce it?

MR. O'BRIEN: Right now, DOE and USEC have a memo regarding the interaction between the two different facilities and the material stored in the facilities. That

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would be something that they would have to work out between the two of them to ensure that safety is maintained, which is discussed in the certification process.

CHAIRMAN JACKSON: Has the material been completely characterized?

MR. O'BRIEN: It depends on your definition of the word characterized.

CHAIRMAN JACKSON: You can use your definition.

[Laughter.]

MR. O'BRIEN: Based upon my definition, there is an adequate understanding right now of what the material is to ensure that there is not an immediate safety concern, yes.

CHAIRMAN JACKSON: Okay, thank you.

MR. O'BRIEN: You are welcome.

DR. PAPERIELLO: The areas in which DOE material is stored will be deleased and returned to DOE, which has agreed to assume responsibility including regulatory responsibility for the areas for the contained material. Note that, DOE still owns the site and continues to conduct its own self-regulated operation separate from USEC in both leased and deleased areas. This situation will require special attention and coordination after certification to assure that DOE activities do not negatively impact the safety of USEC operations regulated by the NRC.

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Elevated enrichment levels. USEC has requested the certification of the Portsmouth plant at uranium enrichment levels of ten percent or less. By doing so, it avoids more criticality protection and safeguards, physical security and material control and accountability requirements accompanying possession of highly enriched uranium. Currently, unplanned enrichment in small amounts between ten and 20 percent is occurring in the process at the Portsmouth gaseous diffusion plants, caused by both the USEC enrichment process and DOE blending down of HEU.

You insert the material into the cascade and with the way the cascades work, this is unavoidable. The issue is resolved by having USEC agree to establish and maintain additional safety and safeguards measures as long as the down-blending program continues in that portion of the cascade where this is occurring.

Seismic safety. In 1995, DOE identified structural weaknesses in two of the four main processing buildings at the Paducah plant. Now, the Paducah plant is located in the New Madrid area, you know, in that part of the United States. DOE ordered USEC to make plant modifications to improve seismic capability. Compensatory safety measures were also ordered, including operating pressures and personnel access restrictions until plant modifications could be completed.

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Current schedules call for completion of plant modifications by late 1997. Since the modifications will not be completed before initial certification, the continuation of interim and compensatory measures and completion of plant modifications have been incorporated into the compliance plan for the Paducah plant.

CHAIRMAN JACKSON: Excuse me, Dr. Paperiello.

Did the NRC staff conduct a separate analysis of the DOE-ordered modifications and the interim compensatory measures? I mean, how did we determine that the modifications and interim measures were adequate?

DR. PAPERIELLO: John?

MR. HICKEY: Well, we did not conduct a completely independent analysis, but we reviewed the analysis that was done and satisfied ourselves that it was a reasonable and thorough analysis and that the modifications were appropriate and that the plan was appropriate.

CHAIRMAN JACKSON: So, we determined that these

modifications and changes were sufficient for Paducah to operate until this December, 1997 updated seismic hazard report?

MR. HICKEY: Correct.

COMMISSIONER ROGERS: Just on that, in reading your slide, on this bullet you say USEC to submit updated seismic analysis by December, 1997. What you just seem to

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say to me is, we know what is in that analysis; is that right?

MR. HICKEY: That is referring to the actual estimate of the seismic risk at the site, not the mechanical and structural fixes to the plant.

COMMISSIONER ROGERS: Right.

MR. HICKEY: The analysis used data up through 1985 and more data has come in since then. So, we want an updated analysis that reflects the newer seismic data that has come in since 1985.

DR. PAPERIELLO: Well, right now, the plants will only withstand an earthquake acceleration -- these particular plants where they need the seismic upgrade -- of point .05g, which is estimated to be an 80-year return earthquake. The plants were believed to and were expected in the 1985 safety analysis report to withstand a 250-year return earthquake, which was an acceleration of .15g. What we are doing is -- and what the upgrade is, is to upgrade the plant to withstand that stress.

There have been some issues raised that more recent seismic data which is possessed by the U. S. Geological Survey, but which is not published and not peer reviewed, may suggest somewhat higher accelerations on a 250-year return frequency. So, the decision to be made was, do we wait until that day to get analyzed, put off any

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upgrade for another couple of years which may make no difference or do we do the immediate repair now. Get the plant up to the .15g thing and then what do you do with the new data.

We decided that if it makes a big difference and you can justify spending an additional money and adequate protection, using the kind of cost benefit that we would use in backfit, that is how we would make the decision on how to use the new data. It is really a trade off. Do we turn around and wait a couple more years and do nothing or do we upgrade now and then relook at the new data and see whether or not they make a substantial difference. If they make a substantial difference, then you will do more upgrade. If it does not make a substantial difference, you won't.

CHAIRMAN JACKSON: Will the updated seismic hazard analysis incorporate or be required to incorporate this post-1985 data?

MR. HICKEY: Yes.

DR. PAPERIELLO: Yes.

CHAIRMAN JACKSON: Okay.

We are convinced that the compensatory measures and the changes, the modifications that have already been made are sufficient to ensure adequate protection.

DR. PAPERIELLO: Yes, because you run the cascades at sub-atmospheric limits to release. We have done the

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accident analysis. We had it submitted. We did an independent analysis and the off-side effects are very limited.

Finally, the upgrade of the safety analysis report. Since 1985, DOE has initiated various efforts to confirm assumptions, correct errors, address weaknesses and reduce uncertainty in the existing SAR for each gaseous diffusion plant, with a completion schedule date of February of 1997. The staff is requiring that, within six months after DOE issuance of the upgraded safety analysis report and any associated findings, USEC must review and submit them to the NRC along with proposed resolutions of findings and any proposed certificate modifications.

There are assumptions made in the application that this SAR upgrade is going to have to confirm. Obviously, if it does not confirm them, that will have to be reconciled.

The upgraded SARs will be reviewed and approved by the NRC and then will constitute the operating safety basis for the gaseous diffusion plants. This matter is a compliance plan item.

Can you show the next slide?

[Slide.]

DR. PAPERIELLO: We have conducted all the

coordination with other federal, state and local agencies and members of the public required by the regulations. We

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received 11 comments letters, including those from two EPA regions which were response to the consultation requirements of Part 76. The compliance evaluation reports address all the comments received in detail.

Most of the issues most frequently raised involve matters addressed in the compliance plan, such as, seismic issues and emergency preparedness or addressed by law, such as, disposal of waste, principally depleted uranium tails and civil penalty authority. This is not meant to be all-inclusive, but when I read through the comments and sort of made check marks on how many appeared most often, they were the ones that appeared most often. We have addressed every comment that we received in the compliance evaluation report.

The next slide.

[Slide.]

DR. PAPERIELLO: We completed the required coordination with EPA and OSHA and we signed the memorandum of MOU with OSHA on July 26th of 1996.

Next slide.

[Slide.]

DR. PAPERIELLO: Part 76.62(a) provides that upon finding of compliance with the Commission's regulations for issuance of a certificate and/or approval of a compliance plan, the director of the Office of Nuclear Material Safety

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and Safeguards shall issue a written decision explaining the decision. The director may issue a certificate of compliance covering those areas where the corporation is in compliance with applicable Commission requirements and approve a compliance plan for the remaining areas, if any, of non-compliance.

I am ready to take the actions that are specified in that regulation.

CHAIRMAN JACKSON: I think that your slide relative to issuing the actual certificates of compliance by August 30th should be verbally corrected relative to what is required.

DR. PAPERIELLO: Yes.

After we submitted the paper to the Commission, the Office of General Counsel informed us that they believed that the certificate of decision should be issued first and then after the 15-day comment period, that the certificate of compliance be issued if there were no comments.

May I have the next slide?

[Slide.]

DR. PAPERIELLO: I would propose to issue the "Federal Register" notice with the director's decision. I would also issue a proposed compliance certificate and the compliance evaluation report for each plant. The compliance certificate has certain requirements in it, generally very

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short, the usual tie-down conditions. The corporation has to conduct its operations in accordance with the statements and representations in the certificate application and in the compliance plan.

They have to conduct operations in accordance with the technical specifications requirements. It will become effective on March 3, 1997. It is exempted from special authorizations, as noted in Chapter 1, Section 1.8 of the Safety Analysis Report. What that really deals with is labeling containers.

Part 20 requires every container of radioactive material to bear a conspicuous label. It is rather normal for us to exempt fuel facilities and I even believe reactors, but I certainly know fuel facilities. Every container of radioactive material does not have to be labeled with radioactive material. Basically, you label the whole facility, the area in which the material is used, the containers of a certain size and diminish that contain radioactive material.

The second exemption is from the requirements of 10 CFR 7631 and 7636, requiring the submittal of an annual renewal. What we have done is, condition the license to make it reflect what is in the recent law, rather than what is in the regulations. Of course, we are amending the regulations to conform with the new law.

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We are proposing that the certificate shall run through the end of 1998 and the renewal application will be

filed in April of 1998. So essentially, we are looking at the initial certification for two years. The logic behind that is, most of the compliance plan items will be complete by 1998. That provides a good opportunity to renew the certificate, most likely, for a longer period of time.

Can I have the next slide?

[Slide.]

DR. PAPERIELLO: There is a limited 15-day appeals process for the director's decision. The appeal is limited to either the U. S Enrichment Corporation or any person whose interests may be affected and who has either provided written comments in response to previous "Federal Register" notice or provided oral comments at public meetings. The person must file a petition with the Commission within 15 days after the "Federal Register" notice publication. The decision becomes final unless Commission grants the petition for review or otherwise acts within 60 days after the publication of the "Federal Register" notice.

If no petition is received in the designated 15-day period, I propose to issue the final certificates.

Next slide.

[Slide.]

DR. PAPERIELLO: Power reactor licensing. There

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was a preoperational testing program and usually a shakedown period prior to licensing when the licensee would operate under its proposed technical specifications prior to initial licensing. That is to find out whether they work, if people trained and are used to operating under those requirements.

In the case of the gaseous diffusion plants, they are operated under DOE's regulations and DOE's operational safety requirements. These are similar but not identical to the NRC's technical safety requirements. At USEC's request, we had planned a phase-in period of 120 days in order to revise procedures and, more importantly, train the staff during this transition period.

CHAIRMAN JACKSON: Does that mean that DOE will have the enforcement authority --

DR. PAPERIELLO: Yes.

CHAIRMAN JACKSON: -- or we will have certified the plants?

DR. PAPERIELLO: We will have certified, but to become effective on March 3rd. In the interim, during the transition period, DOE regulates and has enforcement authority.

On August 16th, the USEC informed me that 120 days, based on recent experience, was probably too short for the process and 180 days was requested. After consulting with DOE who decided that that was -- if we agreed, that was

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reasonable, we decided that the certificate's effective date would be set at March 3rd as the date for the NRC to assume jurisdiction. We originally proposed, I think, December 29th.

We have NRC resident inspectors at the site and they have been there since 1994. They will be inspecting implementation of compliance plan items, actions during the transition period.

The last slide.

[Slide.]

DR. PAPERIELLO: We have developed a certification process and a regulatory basis for making required findings on the application and the compliance plan. We believe that the application and the compliance plan provide for continued safe operation of the gaseous diffusion plants and the staff is ready to issue the initial certification decision. We are also prepared to assume regulatory oversight from DOE following the transition period.

In addition to the summary shown here, I want to tell you that my staff will prepare the following: procedures for conducting the annual assessments for Congress, the backfitting procedures, if need, if we need to backfit and a recertification standard review plan. These will be issued as similar procedures for analogous activities at reactors or fuel facilities, as appropriate.

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Thank you.

CHAIRMAN JACKSON: Thank you, Dr. Paperiello.

I think that the recertification standard review plan is very important from the point of view of lessons learned.

DR. PAPERIELLO: Yes.

CHAIRMAN JACKSON: You had spoken with the

Commission about that and certainly with me at an earlier date. In fact, will that be in place in a time frame that is timely --

DR. PAPERIELLO: Definitely.

CHAIRMAN JACKSON: -- for the certification?

DR. PAPERIELLO: Definitely.

CHAIRMAN JACKSON: Okay.

So, there will be sufficient time to complete the recertification decision by December of 1998?

DR. PAPERIELLO: That's right.

CHAIRMAN JACKSON: Okay.

Commissioner Rogers?

COMMISSIONER ROGERS: No, I think all of my questions have been dealt with.

CHAIRMAN JACKSON: Commissioner Diaz?

COMMISSIONER DIAZ: No questions.

CHAIRMAN JACKSON: Well, the Commission would like to thank the staff and Mr. Timbers for an excellent briefing

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on the results of the safety assessment for USEC's gaseous diffusion plants. I compliment the staff for your diligent efforts in evaluating USEC's certification application as well as for preparing to take over the regulatory oversight and bringing this first certification process to closure.

It is new for us and I am sure it is new for USEC.

So, the Commission would also like to thank Mr. Timbers for his presentation as well as the responsiveness of the Department of Energy in attending and answering questions at this briefing.

The Commission is being asked to approve by negative consent the issuance by August 30, 1996 of the certification and the follow-on period, the certificates of compliance for the USEC's two gaseous diffusion plants. So, I encourage my fellow commissioners and myself to review the matter expeditiously relative to those dates.

I would note that, once the plants are certified, there are still a number of issues that must be resolved both during the transition phase from DOE to NRC jurisdiction. Then following receipt of the safety analysis report upgrade in early 1997 that we discussed, that the USEC will have to make a determined effort to implement the needed changes in a timely manner.

So, again, I thank everyone. Unless there are further comments, we are adjourned.

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[Whereupon, at 11:24 a.m., the briefing was concluded.]