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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

March 22, 2000

CHAIRMAN

The Honorable George V. Voinovich
United States Senate
Washington, D.C. 20510

Dear Senator Voinovich:

I am writing in response to your letter of February 25, 2000, concerning the announcement by the United States Enrichment Corporation (USEC) to reduce its workforce at the Portsmouth and Paducah Gaseous Diffusion Plants by 20 percent. The Commission shares your concerns and is undertaking several actions to evaluate any impacts.

As you know, the President approved a general plan for the privatization of USEC in July 1997, as set forth in the USEC Privatization Act of 1996 (P.L. 104-134). The Privatization Act requires the NRC to determine if the privatized corporation provides for a reliable and economical domestic source of uranium enrichment. At the time the NRC made this determination, USEC was able to demonstrate a Standard and Poor's credit rating of investment grade. This credit rating was used as a basis for the NRC's decision that issuance of the certificates of compliance to the privatized USEC would not be inimical to the maintenance of a reliable and economical source of domestic enrichment services. Since that time, USEC's financial situation has changed such that, as of February 2000, USEC no longer has an investment grade credit rating. As a result, NRC is conducting a further financial review of USEC to assess the financial viability of the certificate holder and the impact of the results of that assessment on the maintenance of a reliable and economical source of domestic enrichment services. This review is anticipated to be completed this summer.

In addition to the financial review, the NRC will continue to review safety and safeguards activities at the two gaseous diffusion plants to ensure that these activities are not adversely affected by the proposed layoffs. As part of this review, there will be a continuation of NRC's inspections and performance trending of safety and safeguards activities at the plants, with emphasis in high-risk areas that may be adversely affected, as well as meetings with USEC and public stakeholders.

The NRC takes its responsibilities as set forth in the USEC Privatization Act very seriously, and will ensure that USEC protects the public health and safety and adheres to pertinent regulatory requirements.

Sincerely,

Richard A. Meserve

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CHAIRMAN

The Honorable Mike DeWine
United States Senate
Washington, D.C. 20510

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