

MHS-11

United States Senate

WASHINGTON, DC 20510

February 25, 2000

The Honorable Richard A. Meserve
Chairman
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Chairman:

As you know, the United States Enrichment Corporation (USEC) announced earlier this month that it will reduce its workforce at the Portsmouth and Paducah Gaseous Diffusion Plants (GDP) by twenty percent. These reductions will result in approximately 850 layoffs between the two facilities. Additionally, USEC announced a share buyback plan that resulted in its credit rating falling below investment grade. Under the Treasury Agreement that USEC entered into with the federal government upon privatization, the decline of USEC's credit rating is one of the Significant Events which will allow closure of one of USEC's enrichment facilities prior to 2004. We understand that the Nuclear Regulatory Commission will be investigating these recent announcements under authority granted in the 1996 USEC Privatization Act and would like to take this opportunity to express our concerns about the impacts of layoffs and potential site closure.

Specifically, we are concerned that significant layoffs at the plants will have a negative impact on our nation's ability to access our domestic sources to nuclear energy as well as long-term national security effects as a result of our potential reliance on foreign nuclear fuel. We ask that the Commission look closely at whether the announced layoffs will be 'inimical' to our domestic nuclear fuel supply, as outlined in the USEC Privatization Act.

Additionally, we ask that you consider the effects that plant closure would have on our nation's power needs. With approximately twenty percent of our nation's electricity supplied by the nuclear industry, we are concerned that a plant closure could increase our reliance on foreign enriched uranium. It is our understanding that at this time, USEC supplies seventy-five percent of the United States' enriched uranium, with approximately half of that amount constituting down-graded Russian material from the U.S.-Russian Highly Enriched Uranium agreement, and the other twenty-five percent is imported from other countries. With less than half of our nation's current nuclear energy supply actually being enriched in the United States, we are concerned that a plant closure by USEC could force our energy providers to rely on foreign companies for enriched uranium for the nuclear fuel cycle.

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As you continue your investigation following USEC's recent announcements, we are certain that these concerns will be taken into consideration. Thank you for your attention to this important matter, and we look forward to hearing from you soon.

Sincerely,



George V. Voinovich
United States Senator



Mike DeWine
United States Senator