



January 6, 2012  
AET 12-0004

ATTN: Document Control Desk  
Ms. Catherine Haney, Director  
Office of Nuclear Material Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

**American Centrifuge Plant and Lead Cascade Facility  
Docket Numbers 70-7004 and 70-7003; License Numbers SNM-2011 and SNM-7003  
Extension Request for Implementation of Orders Relating to Consent to Transfer  
Materials Licenses (TAC No. L33027)**

Dear Ms. Haney:

**Purpose**

The purpose of this letter is to request an extension of the implementation date for the Orders relating to the direct transfer of material license numbers SNM-7003 and SNM-2011 from USEC Inc. (USEC) to a subsidiary limited liability company, American Centrifuge Operating, LLC (ACO).

**Background**

On February 10, 2011 (Reference 1), the U.S. Nuclear Regulatory Commission (NRC) issued Order EA-11-013 approving the direct transfer of licenses from USEC Inc. to ACO and conforming amendment subject to conditions. The purpose of the organizational structure change was to facilitate project financing of the American Centrifuge Plant (ACP) through a loan guarantee. Since issuance of this Order, USEC worked diligently with the U.S. Department of Energy (DOE) to achieve conditional commitment, which is the next step in the process of obtaining the loan guarantee. However, the conditional commitment process was not concluded such that the implementation requirements to complete the transfer of licenses from USEC to ACO within the 180 day implementation period (i.e., by August 9, 2011) established within Order EA-11-013 would be met. Accordingly USEC requested an extension of the Order implementation date by letter dated July 22, 2011 (Reference 2), supplemented by correspondence dated August 1, 2011 (Reference 3). On August 8, 2011 (Reference 4), the NRC approved the request by issuing Order EA-11-180 extending the implementation date of Order

EA-11-013 to February 9, 2012. This Order also states, in part:

“IT IS HEREBY ORDERED that the date by which the license transfers described above must be completed is extended to February 9, 2012. If the proposed direct transfer of licenses is not completed by February 9, 2012, this Order and the February 10 Order shall become null and void. However, upon written application and for good cause shown, the February 9, 2012, date may be extended by further Order.”

More recently, USEC announced plans to work jointly with the DOE in a Research, Development and Demonstration (RD&D) program to reduce the technology and financial risk of commercialization of the American Centrifuge technology. The RD&D program is expected to involve manufacturing and operating additional production-design machines so that key systems can be tested as they would actually operate at the scale necessary for full commercialization.

### **Discussion**

As noted in Reference 2, USEC had expected to close on the DOE loan guarantee during the implementation period of these Orders. However, this did not occur. Based on this fact, it is likely that USEC cannot complete all of the remaining internal implementing actions to stand-up ACO to accept the license transfer to meet the revised implementation date established in Reference 4. Accordingly, USEC requests an extension of the implementation date for these Orders consenting to the transfer of the licenses from February 9, 2012 to May 18, 2012, approximately another three months. USEC plans to complete the stand-up of ACO as part of the RD&D program as expeditiously as possible.

Our review indicates that the basis for NRC approval as documented within the Safety Evaluation Reports (SER) for the Orders has not changed since the issuance of these Orders. Additionally, the status of the three conditions listed in Order EA-11-013, and as updated in Order EA-11-180, has not changed, except that condition three will be satisfied following completion of actions with the DOE, without any linkage to the loan guarantee.

We note that during the RD&D program, we do not initially plan to utilize the financial entity envisioned in the organizational structure change, American Centrifuge Enrichment, LLC (ACE) to finance the RD&D program; rather USEC will be providing the funding to ACO at the outset of the RD&D program. ACE may be utilized to finance portions of the RD&D program and construction activities in the future. We do not believe the basis for approval of these Orders, as documented in the NRC staff's SERs, is affected by our decision concerning the source of ACO's funding.

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USEC is working closely with the DOE to complete activities associated with the sub-lease of the facilities. Should we identify that the schedule for completion of these activities will extend beyond May 18, we will notify you immediately.

**Action**

USEC respectfully requests an extension of time to fully implement the conditions of Order EA-11-013 and Order EA-11-180 from February 9, 2012 to May 18, 2012.

**Contact**

If you have any questions regarding this matter, please contact me at (301) 564-3470 or Terry Sensue at (740) 897-2412.

Sincerely,



Peter J. Miner  
Director, Regulatory and Quality Assurance

cc: J. Calle, NRC Region II  
R. DeVault, DOE  
J. Downs, NRC HQ  
D. Hartland, NRC Region II  
J.T. Howell, DOE  
B. Smith, NRC HQ  
O. Siurano, NRC HQ

References:

1. NRC letter from C. Haney to P.J. Miner (USEC) regarding Review of USEC Inc. Request for Written Consent to Transfer Materials Licenses (TAC L33027), dated February 10, 2011
2. USEC letter AET 11-0038 from P.J. Miner to C. Haney (NRC) regarding Extension Request for Implementation of Order Relating to Consent to Transfer Material Licenses, dated July 22, 2011
3. USEC E-mail from P.J. Miner to O. Siurano-Perez (NRC) regarding Follow-up to July 22, 2011 Letter, dated August 1, 2011
4. NRC letter from C. Haney to P.J. Miner (USEC) regarding Order Extending the Date by which the Direct Transfer Licenses is to be Completed, dated August 8, 2011