

December 9, 2004

MEMORANDUM TO: Joseph G. Giitter, Chief  
Special Projects Branch  
Division of Fuel Cycle Safety  
and Safeguards

THRU: Brian W. Smith, Chief /RA/  
Gas Centrifuge Facility Licensing Section  
Special Projects Branch, FCSS

FROM: Yawar H. Faraz /RA/  
Senior Project Manager  
Gas Centrifuge Facility Licensing Section  
Special Projects Branch, FCSS

SUBJECT: NOVEMBER 29, 2004, MEETING SUMMARY: USEC INC.  
QUARTERLY MANAGEMENT MEETING

On November 29, 2004, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from USEC Inc. to discuss project status and management issues related to USEC Inc.'s application for a gas centrifuge uranium enrichment facility, the American Centrifuge Plant, proposed to be constructed in Piketon, Ohio. I am attaching the meeting summary for your use. This summary contains no sensitive or classified information.

Docket: 70-7004

Attachment: USEC, Inc.  
Meeting Summary

cc:	William Szymanski/DOE	Michael Marriotte/NIRS
	Dan Minter/SODI	Carol O'Claire/Ohio EMA
	James Curtiss/W&S	Randall DeVault/DOE
	Rod Krich/LES	Peter Miner/USEC Inc.
	Rocky Brown, Mayor of Beaver	Garry Hager, SPFPA/USEC
	Billy Spencer, Mayor of Piketon	Jim Brushart, Pike Co. Comm. Chair.
	Harry Rioer, Pike Co. Commissioner	Teddy West, Scioto Twp. Trustee
	Larry Scaggs, Seal Twp. Trustee	Teddy Wheeler, Pike County Auditor
	Kara Willis, Gov. Taft's Reg. 7 office	Robert Huff/Portsmont CoC
	Mary Glasgow, Cong. Portman	Marvin Jones/Chillicothe CoC William
	Lindsay Lovejoy, NIRS	Blaine Beakman, Pike County CoC
	Roger Suppes, Ohio DoH	Donald Silverman, Morgan Lewis

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Hearing File

JHenson/Reg II DSeymour/Reg II  
USEC, Inc. Website-Yes

**ML043350111** (Package) **ML043350115** (Memo) **ML043360067** (Attachment 1) **ML043440393** (Attachment 2)

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<b>NAME</b>	SSteele: bkh1		YFaraz		JDavis		LMarshall		BSmith	
<b>DATE</b>	12/2/04		12/2/04		12/7/04		12/7/04		12/9/04	



Summary of  
USEC Inc. Quarterly Management Meeting

Date: November 29, 2004

Place: U.S. Nuclear Regulatory Commission (NRC) offices  
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project status and management issues related to the USEC, Inc. application for a gas centrifuge uranium enrichment facility, American Centrifuge Plant (ACP), proposed to be constructed in Piketon, Ohio. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Mr. Jack Strosnider opened the first USEC quarterly management meeting by stating the NRC's strategic goals. He focused on the NRC's goals of safety and security. In particular, he noted that the use of Integrated Safety Analyses (ISA) will risk inform the staff's review as it will help "focus our resources on the right issues." In addition, he mentioned that on October 25, 2004, the agency temporarily curtailed public access to the Agencywide Documents Access and Management System (ADAMS) database. This recent development reflects the NRC's security goal, which in part is to ensure that sensitive information is not inadvertently released. As a result, the public could not access the non-sensitive portions of USEC's license application and environmental report. Therefore, NRC decided to postpone its public meeting scheduled for November 15 in Piketon, Ohio. Since the ACP application review is a priority, staff has initiated security reviews for the USEC documents. Mr. Strosnider indicated that the USEC docket for the ACP review will be available by mid-December, and that in spite of this development, the NRC is still on track to meet the review deadlines. Mr. Strosnider emphasized the high level of security that needs to be applied to the project because of the nature of the technology.

In addition, Mr. Strosnider stated that on October 7, 2004, the Commission issued an Order, CLI-04-30, which accepted the USEC license application and environmental report for detailed technical review; initiated the USEC hearing proceeding; and addressed policy issues. The Order also included a 30-month milestone schedule for the NRC review and final decision for the ACP. He believes that the accelerated schedule is realistic, however, USEC's cooperation in the form of comprehensive and high quality information submitted to NRC is necessary for the NRC to meet the schedule. Mr. Strosnider specifically thanked USEC for supporting the two recent ISA onsite reviews.

Mr. Brian Smith then discussed the schedule, licensing status, and current issues. First, he reiterated that the Commission set out an aggressive review schedule and that staff is working to an 18-month technical review schedule consistent with the Commission Order. The staff identified the following efficiencies and is implementing those efficiencies to meet the schedule:

- communicate issues on the phone prior to transmitting written Request for Additional Information (RAI);
- USEC responds completely and thoroughly to RAIs within 30 days;
- NRC will not issue a draft Safety Evaluation Report (SER), just a final SER;
- compose the SER in parallel with the reviews; and
- utilize staff from other parts of the agency (Office of Nuclear Reactor Regulation, Office of Nuclear Regulatory Research, and the Office of Nuclear Security and Incident Response) in the review.

Mr. Smith stated that the staff intends to issue safety and safeguards RAIs in January, and the final SER by February 2006.

Mr. Smith made the following remarks regarding the licensing status:

- The license application review is proceeding well; USEC has been very cooperative and responsive.
- Staff conducted two onsite ISA document reviews in October and November in the various areas such as chemical safety, radiological safety, fire safety, criticality safety, human factors, and instrumentation and control.
- The document reviews and tours provided the staff with a better understanding of how the facility operates and the risks involved with the various aspects of the facility. Deficiencies identified during the onsite reviews were verbally communicated to USEC whose clarifications reduced the number of potential RAIs.
- Staff is currently preparing RAIs and drafting SER chapters.

Mr. Smith proceeded to discuss some of the current licensing issues the staff has identified. He indicated that USEC should expect RAIs in these areas:

- Transportation security - USEC appears to have used outdated guidance, therefore, the applicant did not address more recent regulations.
- Financial qualifications - the application provided insufficient bases for cost estimates.
- Liability insurance - USEC needs to clarify its bases for indemnification.
- Items Relied on for Safety (IROFS) and facility final design - USEC did not explain in the ACP application how it would ensure safety as the final designs of the IROFS and of the facility are being finalized as in the case of another license applicant.

Finally, Mr. Smith stated that the NRC is drafting an Memorandum of Understanding (MOU) between NRC and DOE pertaining to the regulatory oversight of the ACP. The draft MOU will largely be based on the Lead Cascade MOU and will likely be available in Spring 2005.

Ms. Jennifer Davis discussed the schedule, status, and current issues pertaining to the environmental review. She indicated that consistent with the Commission Order, the staff is working to an 18-month technical review schedule. Ms. Davis stated that the environmental review is proceeding well, although it was impacted by the curtailing of public access to the ADAMS database. For example, the environmental RAI will be delayed from January to early February 2005, as it would be issued about two weeks after the planned January 18 scoping meeting. Another foreseeable impact is that the draft Environmental Impact Statement (EIS) will be delayed by two weeks from early July 2005 to mid July 2005. Ms. Davis indicated that the final EIS is still on schedule for February 2006.

Ms. Davis discussed current issues for the environmental review, specifically:

- the impacts of tails disposition - the lack of information in this area will be handled through RAIs, and
- 7 million Separative Working Units (SWU) versus 3.5 million SWU facility capacity - the environmental report which is linked to the license application and the ISA addresses different facility capacities. This also will be handled through RAIs.

Hearing issues were addressed by Mr. Brian Smith. He stated that there are no delays as yet. However, it is expected that the deadline for petitions to be submitted will be postponed due to the temporary withholding of potentially sensitive information in ADAMS.

Finally, USEC provided comments. Mr. Ron Green stated that it was important to USEC that communications with the NRC were open and clear at all times. He indicated that the ACP application was of similar quality as the Lead Cascade application. Mr. Green said that he was very sensitive to potential security issues. He stated that RAIs would be treated expeditiously, and that their responses would be complete and thorough. He added that his interactions with the staff have been professional and effective.

Mr. Robert Pierson added that the project appears to be off to a good start. He added that the Lead Cascade project was a benefit to the review. He invited staff, USEC, and members of the public for additional questions or comments. There were no additional questions or comments.

#### Action Items

No action items.

#### Attachments

1. Attendee list
2. Meeting agenda

Attachment 2: USEC Inc. Quarterly Management Meeting Agenda  
November 29, 2004

- \_\_\_ Purpose/Introductions
- \_\_\_ Project Status
- \_\_\_ Management Issues
- \_\_\_ Questions and Answers