



February 13, 2006
AET 06-0030

Mr. Jack R. Strosnider
Director, Office of Nuclear Material Safety and Safeguards
Attention: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

American Centrifuge Plant
Docket Number 70-7004
Submittal of Additional Information for the American Centrifuge Plant (TAC Nos. L32306, L32307, and L32308)

Dear Mr. Strosnider:

Pursuant to a request from the U.S. Nuclear Regulatory Commission (NRC) staff on February 9, 2006, USEC Inc. hereby submits planned changes for the License Application related to a license condition request regarding the liability insurance for the for the American Centrifuge Plant as Enclosure 1 of this letter. These planned changes will be finalized and submitted to the NRC in the next revision of the license application.

If you have any questions regarding this matter, please contact Peter J. Miner at (301) 564-3470.

Sincerely,

Steven A. Toelle
Director, Regulatory Affairs

cc: Y. Faraz, NRC HQ
B. Smith, NRC HQ

Enclosure: As Stated

Nm5501

Enclosure 1 of AET 06-0030

Planned Changes to the License Application for the American Centrifuge Plant

In general, USEC's financial qualifications to operate the ACP are demonstrated by the Selected Financial Data provided on pages 27-28 of its Form 10-K Annual Report for 2003, and its more detailed Consolidated Financial Statements provided on pages 57-60. A copy of this Annual Report is provided as Appendix D to this license application.

In order to meet the financial qualifications requirements for construction and operation of the facility, USEC proposes that the license be conditioned as follows:

- Construction of each incremental phase of the facility shall not commence before funding for that increment is available or committed. Of this funding, the applicant must have in place before constructing such increment, commitments for one or more of the following: equity contributions from the applicant, its parents, affiliates and/or partners, along with lending and/or lease arrangements that solely or cumulatively are sufficient to ensure funding for the particular increment's construction costs. The Applicant will make available for NRC inspection on a confidential basis, documentation of both the budgeted costs for such phase and the source of funds available or committed to pay those costs.
- Operation of the facility shall not commence until USEC has in place, either: (1) long term contracts lasting five years or more that provide sufficient funding for the estimated cost of operating the facility for the five year period; (2) documentation of the availability of one or more alternative sources of funds that provide sufficient funding for the estimated cost of operating the facility for five years; or (3) some combination of (1) and (2).

The DOE-USEC Agreement required that the ACP be constructed on the DOE reservation located at either the Portsmouth Gaseous Diffusion Plant or the Paducah Gaseous Diffusion Plant. Pursuant to Section 3107 of the *USEC Privatization Act*, the United States Enrichment Corporation leases the portions of the DOE reservation from DOE on which the ACP is located. Under its lease with DOE, and in accordance with Section 3107, the United States Enrichment Corporation is indemnified under Section 170d of the *Atomic Energy Act* for liability claims arising out of any occurrence within the United States, causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of chemical compounds containing source or special nuclear material arising out of activities under the lease. This indemnification is sufficient to meet the requirements of Section 193(d) of the *Atomic Energy Act* of 1954, as amended, and 10 CFR 140.13b, because the DOE indemnity provides greater financial protection than commercially available liability insurance. Therefore, the appropriate amount of separate liability insurance that should be required by the NRC is zero. USEC proposes that the license be conditioned as follows: USEC will provide to the Commission, at least 120-days prior to receiving licensed material in the ACP, a signed agreement between DOE and USEC regarding the indemnification.

Information contained within
does not contain
Export Controlled Information

Reviewer: R. Coriell
Date: 02/10/06