

August 24,2006

Mr. Steven A. Toelle, Director  
Nuclear Regulatory Affairs  
USEC Inc.  
Two Democracy Center  
6903 Rockledge Drive  
Bethesda, MD 20817-1818

SUBJECT: TRANSITION OF REGULATORY OVERSIGHT OF THE AMERICAN  
CENTRIFUGE LEAD CASCADE FACILITY

Dear Mr. Toelle:

On March 24, 2004, the Memorandum of Understanding (MOU) between the U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC), "Cooperation Regarding the Gas Centrifuge Lead Cascade Facilities at the Portsmouth Gaseous Diffusion Plant" was completed. This MOU addressed, among other items, the regulatory oversight roles and responsibilities for both the DOE and NRC for USEC Inc.'s (USEC's) American Centrifuge Lead Cascade Facility (Lead Cascade). Prior to transition to NRC regulation, the DOE had primary regulatory oversight responsibilities. Transition to NRC regulatory oversight, as discussed in the MOU, was expected to occur following NRC's pre-operational inspections and regulatory compliance reviews but prior to the introduction of uranium hexafluoride into the Lead Cascade.

The NRC has recently performed pre-operational inspections to verify that the facility had been constructed in accordance with the requirements of the license. Based on these inspections, the NRC concluded that USEC had met the conditions of the license and demonstrated that the facility has been constructed and will be operated safely and securely and in accordance with the requirements of the license. By letter dated August 23, 2006, NRC authorized USEC to introduce uranium hexafluoride in the Lead Cascade following the regulatory oversight transition date.

Therefore, as discussed in a conference call on August 22, 2006, between USEC, NRC, and DOE, and in accordance with the MOU, regulatory oversight for the Lead Cascade's nuclear safety and appropriate aspects of safeguards and security will transition from DOE regulatory oversight to NRC regulatory oversight on August 25, 2006, at 12:01 a.m. The transition of regulatory oversight responsibilities will occur as documented in the MOU.

Docket: 70-7003  
License No.: SNM-7003

If you have any questions concerning this letter, please contact Mr. Brian Smith of the NRC, at (301) 415-7457, or Mr. Randy DeVault of the DOE, at (865) 241-8277.

For U.S. Nuclear Regulatory Commission

For U.S. Department of Energy

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\\RA\\  
Robert Pierson, Director  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards  
U.S. Nuclear Regulatory Commission

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\\RA\\  
Larry Clark, Director  
Office of Nuclear Fuel Security  
and Uranium Technology  
Oak Ridge Operations  
U.S. Department of Energy

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cc:

Michael Marriotte/NIRS  
Carol O'Claire/Ohio EMA  
Rocky Brown/Mayor of Beaver  
David Bowe/SPFPA/USEC  
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