



News Release

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For Immediate Release

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USEC Notified Pols Not Pros After Centrifuge Crash **Report of Serious Safety Violation Delayed Until After Financing Deadline**

When six USEC uranium centrifuges crashed following a power outage on June 11 of this year, the company rushed to inform its political backers on Capitol Hill, but failed to notify the Nuclear Regulatory Commission, based on a new posting on the NRC website. A delayed report to NRC was not filed until one day after a crucial financing deadline that USEC faced at the end of June.

USEC has been operating under its own gun, after the company issued an ultimatum to the Department of Energy, demanding a federal loan guarantee of \$2 billion by this summer. DOE's summary response to USEC so far has been: Go ahead and shoot.

Yesterday, July 6, SONG disclosed that a power outage and centrifuge crash happened at USEC's project site near Piketon, Ohio. That news release is appended here as background. As reported there, Osiris Siurano, the NRC project manager for USEC's centrifuge project license, told SONG in an interview on July 5 that USEC had notified NRC and DOE "within 24-hours as required." According to NRC's "Event Notification Report" of that day, July 5, however, NRC was not actually notified of the situation until July 1.

July 1 just happened to be one day after USEC's original financing deadline of June 30, by which time USEC needed to secure a "conditional commitment" for a loan guarantee from the Department of Energy. That is, there is now evidence that USEC waited nineteen days before reporting a serious safety incident to NRC, in hopes that DOE would provide the "conditional commitment" before the incident became known. Silence from USEC, from DOE, and from USEC's two financing agents in the United States Senate, as the June 30 deadline neared, is now explained.

In nuclear industry lingo, Mr. Siurano's statement that the 24-hour notification requirement had been met could be characterized as having "suboptimal veracity." According to the NRC posting, "This incident is being reported to the Nuclear Regulatory Commission (NRC) as a 24-hour event," referring to required notification time, even though the actual notification time was about 456 hours (nineteen days).

The NRC July 5 Event Notification Report can be found at <http://nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110705en.html>, and is reproduced in full below.

The new NRC posting makes details of the power loss public for the first time. Failure of both the main and auxiliary power systems caused the disabling of ventilation and hydrogen monitors in the battery room, essential safety systems.

There is no explanation for why a "24-hour event" was not reported for nineteen days.

The report suffers from another serious omission. No mention is made that the restoration of power resulted in the crash of six centrifuges, even though Mr. Siurano began his interview with SONG by referring, unprompted, to "the centrifuge crash," and *Energy Daily* reported the crash as the major issue. The crash of six centrifuges is the issue most damaging to USEC's campaign for a federal loan guarantee.

On June 16, *Energy Daily* quoted USEC as saying to its backers on the Hill: "six centrifuges failed during the event." USEC was also quoted as saying: "as a precautionary measure, the centrifuge machines in the testing and demonstration program are being temporarily shut down while a thorough assessment of the event is conducted."

Energy Daily quoted from a document USEC "provided to lawmakers" on the Hill immediately after the June 11-12 weekend. Senators Rob Portman and Sherrod Brown were then serving as USEC's chief lobbyists in pushing for the federal loan guarantee. *Energy Daily* reported: "According to the USEC document, labeled an 'event description, a circuit breaker failure Saturday cut power to auxiliary systems for 37 operating centrifuge machines at the American Centrifuge Project (ACP)."

According to SONG co-founder Geoffrey Sea, a fence-line neighbor of the USEC project: "USEC is asking the U.S. Government to 'guarantee' a \$2 billion loan for a project that has no commercial viability. The deadline by which USEC demands a commitment from the government coincides with the approaching deadline for raising of the U.S. debt limit. If the Department of Energy bows to USEC's ultimatums under these circumstances, then next in line for a government billion-dollar-handout ought to be a coal-fired zeppelin company run by Michael Milken and Rod Blagojevich."

No need to worry if USEC ever does get the money to load its centrifuges with uranium at Piketon. In case of nuclear emergency, USEC will immediately notify its PR staff, and its political financiers.

From <http://nrc.gov/reading-rm/doc-collections/event-status/event/2011/20110705en.html>:

NRC EVENT NOTIFICATION REPORT, JULY 5, 2011

Fuel Cycle Facility	Event Number: 47014
Facility: PORTSMOUTH LEAD CASCADE RX Type: URANIUM ENRICHMENT FACILITY Comments: 2 DEMOCRACY CENTER 6903 ROCKLEDGE DRIVE BETHESDA, MD 20817 Region: 2 City: PIKETON State: OH County: PIKE License #: SNM-7003 Agreement: Y Docket: 70-7003 NRC Notified By: RON CRABTREE HQ OPS Officer: MARK ABRAMOVITZ	Notification Date: 07/01/2011 Notification Time: 16:34 [ET] Event Date: 06/11/2011 Event Time: [EDT] Last Update Date: 07/01/2011
Emergency Class: NON EMERGENCY 10 CFR Section: 70.50(b)(2) - SAFETY EQUIPMENT FAILURE	Person (Organization): MARK FRANKE (R2DO) ROBERT JOHNSON (NMSS)

POWER OUTAGE CAUSING LOSS OF BATTERY ROOM VENTILLATION AND HYDROGEN MONITOR

"At approximately 1451 hours EDT on 07/1/2011, the Nuclear Regulatory Affairs Manager completed his review of the initial (draft) engineering report [related to an event that occurred on June 11, 2011].. [The review determined] the impact the June 11, 2011 power outage may have had on the Battery Room 3/4 forced air ventilation and hydrogen monitoring systems. [The review also] determined the incident should be reported to the NRC because he could find no evidence that either system would have met their respective IROFS [Item Relied On for Safety] surveillance requirements during the power outage.

"This incident is being reported to the Nuclear Regulatory Commission (NRC) as a 24-hour event in accordance with American Centrifuge Administrative Procedure ACD2-RG-044 (Nuclear Regulatory Event Reporting), Appendix B, Section I, which states: 'An event in which equipment is disabled or fails to function as designed as described by any of the following: (Paragraph) 2. The equipment is required to be available and operable when it is disabled or fails to function: AND no redundant equipment is available and operable to perform the required safety function .'"

The licensee will notify the NRC Region II office and site Department of Energy.

USEC Centrifuge Crash at Piketon Covered Up

The lights went out early for USEC's beleaguered "American Centrifuge Plant" project near Piketon, Ohio. USEC, Inc., faced a formidable June 30 financing deadline with its investors, but nineteen days earlier, on June 11, a Saturday, the locale experienced a power outage, increasingly common due to copper thievery in the impoverished rural area.

USEC's centrifuges, in a test array called the Lead Cascade, were supposed to keep on spinning. However, with shades of the nuclear catastrophe at Fukushima, USEC's auxiliary power failed, and when it was finally restored, six of the centrifuges "crashed" from the electrical surge.

The test centrifuges contained no uranium. If they had, a serious radiation emergency might have ensued.

It was the second time in twenty-six years that a serious centrifuge failure might lead to project termination in the same building, on the same site. In 1985, when the test cascade of the "Gas Centrifuge Enrichment Plant" was fired up, highly erratic uranium assays resulted. Congress shortly ended the funding for GCEP, leaving the same technology to be inherited by USEC in the 21st century.

Revelation

These facts are reported for the general public for the first time here by Southern Ohio Neighbors Group (SONG). SONG is a watchdog group based in Piketon, which, in 2006 and 2007, exposed and defeated a proposal to turn the Piketon site into the world's largest centralized storage facility for spent nuclear fuel.

As of the morning of July 6, no press release has been issued on the June 11 incident by USEC, the Nuclear Regulatory Commission, or the Department of Energy, which owns and manages the Piketon site. Also, the incident is not mentioned on USEC, NRC, or DOE websites, even though the NRC website at www.nrc.gov includes a prominent button for "Event Reports," and a "Facility Locator" that mysteriously omits USEC's project at Piketon.

Following denial of a \$2 billion loan guarantee to USEC in 2009, DOE is now again reviewing USEC's case, a tense decision connected to the June 30 deadline. That deadline has now been extended to July 31, and USEC is operating under a "Standstill Agreement," a situation perhaps related to the June 11 event. Doubt that the lack of public reporting is connected to the pending DOE decision comes only from the naive and the disingenuous.

On the basis of previously unconfirmed information, SONG interviewed Osiris Siurano, the NRC project manager, about the "crash" (his word) on the afternoon of July 5. Siurano confirmed the facts as stated above. He said that USEC did file reports with NRC and DOE within the required 24 hours. If the event had involved a radiation release, NRC would have initiated an investigation and issued a press release, but in this case, "the review is up to the licensee." That is, up to USEC.

According to Siurano, NRC will wait patiently for USEC to complete its "investigation," which he said "should be quick." Only after that will NRC "inspect" the results of the USEC review. He estimated that USEC may take "another couple of weeks," which would put the final public report right about the time of the new deadline for the federal loan guarantee.

A quick survey of Las Vegas bookies might yield none willing to wager that USEC will complete its event investigation before the federal government issues a "conditional commitment" by the end of July, under the intense political pressure that USEC has generated. The decision to site the project in the battleground state of Ohio involved strategic, foresight of just such an eventuality. USEC is the company too swing-state to fail.

Politics as USEC Y'all

Indeed, USEC did immediately report the centrifuge crash to its lobbyists on Capitol Hill, including both U.S. Senators from Ohio, who hail from different political parties. Those public officials, each recipients of prodigious USEC campaign contributions, also failed to report the event to their constituents, or to the media back home.

One unnamed source on the Hill did leak an "event description" to *Energy Daily*, a DC subscriber-only news service, which published a story by Jeffrey Beattie for the insider crowd on June 16 -- "USEC Reports ACP Glitch to Hill" (portal at <http://www.theenergydaily.com/publications/ed/6300.html>) The coverage was not picked up by other media.

Osiris Siurano at NRC was aware of the *Energy Daily* story, which made him second-think about why the USEC "event" is not listed on the NRC website. He explained that it is NRC policy to list any event that is covered by the media. After asking if SONG had access to the *Energy Daily* article, Siurano then decided that NRC should post the event. (So it may be posted by the time this story appears.)

SONG has received reports of intense speculation within DOE as to whether word of the crash had or would become public in Ohio before a loan guarantee award can be ramrodded according to a political calculus. Even if DOE does award a "political" loan guarantee commitment, USEC's prospects for ever finishing the plant are dismal.

The news blackout on the USEC blackout is especially striking given the intense media coverage of the flooding situation at two reactors in Nebraska, where power has not been lost. In a June 20 article about the Nebraska reactors, the *New York Times* quoted Andrew C. Kadak, a former professor of nuclear engineering at M.I.T. saying: "The question is, 'Do you still have power?'... The Fukushima lesson is really that you've got to have electricity."

But at Piketon, both the main and auxiliary power failed. That the Lead Cascade is only a test facility is not reassuring, because USEC, against all regulatory planning, postponed the Lead Cascade for five years, and began construction of its commercial-scale centrifuge plant before the Lead Cascade had even started operating. USEC was only forced to finish its Lead Cascade by the 2009 loan guarantee denial decision of DOE.

There is widespread speculation that USEC tried to ditch the Lead Cascade because it knew it would encounter technical problems that might jeopardize both private investment and federal backing, a prophecy that may now be coming true.

The Russo-Japanese Centrifuge Plant

The juggernaut of Ohio political backing for USEC also has led to a media blackout on USEC's many involvements in the Fukushima disaster. USEC had provided the uranium fuel for the six stricken reactors at Fukushima, including the three now known to have melted down. TEPCO had been USEC's biggest customer, and TEPCO eerily had been cited by USEC as the leading future customer for the American Centrifuge Plant. Indeed, Ohio newspapers have not yet stopped including TEPCO's shut-down reactors from the projected future demand base for USEC's new plant.

USEC's leading private investor is Toshiba, co-designer of the Fukushima reactors. Toshiba's feared withdrawal from the USEC project is certainly linked to the bottom falling out -- ok, poor choice of words -- of Japan's market for nuclear fuel. Additionally, USEC sought \$600 million in investment from the Japan Bank for International Cooperation. The post-Fukushima non-availability of that funding is the reason for USEC's current financing crisis.

Two weeks after the Fukushima disaster, USEC acknowledged the lethal impact on its own nuclear fuel plans by signing an agreement with the Russian company TENEX committing USEC support for a future TENEX centrifuge plant on US soil. That arrangement only makes sense if USEC knows that its own centrifuge plant is a goner.

In the end, the "American Centrifuge Plant" became the Russo-Japanese Centrifuge Plant.

A Question of Impact

Public knowledge of the June 11 USEC spin-down may help resolve a parallel problem for USEC's project, but not in USEC's favor. On May 27, 2011, the federal Advisory Council on Historic Preservation (ACHP) sent a stern warning to DOE that the American Centrifuge Plant remains out of compliance with the National Historic Preservation Act (NHPA). No required NHPA review of the project, located in the heart of Ohio mound-builder country, had ever been conducted by DOE.

In response to ACHP, DOE hastily arranged a last-minute NHPA review and announced it in a letter to selected consulting parties dated June 9, two days before the fateful power trip. In that letter, DOE facilely anticipated a finding of "no impact" on any of the historic properties that ring the project site.

Geoffrey Sea, co-founder of SONG and owner of the historic Barnes Home and Farm on the southwest fence line of the USEC project site, summarizes his reply: "If setting my antique toaster to high might provoke a nuclear emergency next door, I would call that an impact."

The NHPA review is on-going.

Note: Osiris Siurano's telephone number at NRC is 301-492-3117. Media may need to contact the NRC Public Affairs Office. Copies of the May 27 ACHP letter are available on request.

