

**BEFORE THE UNITED STATES INTERNATIONAL TRADE
COMMISSION**

**LOW ENRICHED URANIUM FROM FRANCE
INV. NO. 731-TA-539-C (SECOND REVIEW)**

**TESTIMONY OF
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USEC INC.**

September 10, 2013

Good morning Commissioners and Staff. Thank you for giving me the opportunity to talk with you today. For those of you I did not meet during the visit at the end of July, my name is Dan Rogers and I am the General Manager of USEC's American Centrifuge plant in Piketon, Ohio. I am currently responsible for oversight and operations of this advanced production facility for low enriched uranium.

I have a long history with USEC. I started working at the Portsmouth uranium enrichment plant in Piketon, Ohio in 1974. I joined USEC's American Centrifuge program in 2005. Prior to that, I held a number of senior positions at the Portsmouth plant, both for USEC and for DOE contractors, and from 1980-1985 I worked on the Department of Energy's centrifuge program.

I am here today to provide information and answer any questions you have about the operations at our American Centrifuge facility.

It's really important for me to be here today. I took time away from my plant responsibilities to prepare for this hearing and to fly out and appear before you because this antidumping duty order matters to USEC's production. It matters to me as General Manager of our cutting-edge production facility and it matters to my employees at that facility and the many Americans with jobs at companies producing the parts and equipment for our facility. Dumped uranium from France will hurt U.S. production.

As Phil Sewell explained, USEC has been around for a long time producing LEU in the United States. For many years, we were the only U.S. producer and we are still the only U.S.-owned producer using U.S. technology. What I'm here to talk about today, though, is not the past. I'm here to talk about the present and the future of American LEU technology. This is the American Centrifuge.

Capital Investment

While Phil discussed this a bit, I'm going to start with our capital investment. USEC has not been dabbling in LEU production as a side business; it

isn't some distant and theoretical plan. We are a U.S. producer of LEU and that is the core of our company. We have made an enormous capital investment in our American Centrifuge facility and, frankly, we are very proud of what we have accomplished and where we are going from here with U.S. production.

Let's get into specifics. We have already invested 2.5 billion dollars in the American Centrifuge project. This money has gone into real things that you can see and feel on the ground. It's in the plant, in the machine manufacturing, and in the machine research and development. We've made major advances in centrifuge technology through our investment. We've submitted on the record pictures of our facility and I'd like to show you a few additional pictures now to help you understand the work we are doing.

[Slides on K-1600, ACM, ACP aerial view and ACP cascade (x2)]

What have our accomplishments been? We received a license to construct and operate the Lead Cascade for the American Centrifuge from the Nuclear Regulatory Commission in February of 2004. We then got a license to construct and operate our commercial American Centrifuge plant at a level of 3.8 million SWU in April of 2007. We started our commercial plant construction in May of 2007. In August of that year, our Lead Cascade test program began operations and that Lead Cascade has accumulated more than 143 years (1.25 million hours) of machine runtime. Commercial Plant Design AC100 machines at the facility

have accumulated more than 71 machine years of runtime. Those AC100 machines have demonstrated performance levels of 350 SWU per machine per year, which, as Phil mentioned, is four times greater than any commercially deployed machine in the world.

What are we doing now? Through December of this year we are finishing up a 19 month research, development, and demonstration program conducted with the Energy Department. This phase of our production facility is where we have been building and operating a 120-centrifuge commercial demonstration cascade. Those of you who visited with us stood in the middle of that cascade. Together with DOE, we are investing up to 350 million dollars in this phase of the project; our share of that is 20 percent. I am very pleased to report to you that this commercial cascade project continues to be **on schedule and within budget**. All of our machines are on gas and we are preparing to begin operation of the cascade in a commercial configuration. We also have successfully completed six of the nine technical milestones for the project. We are on schedule to complete the remaining three milestones by the end of this year. We provided detailed information on these milestones in our prehearing brief.

We've had some delays over the years. Delays are certainly not unusual in this type of industry requiring such a big capital investment and such a complicated

technology. I point out that LES's U.S. facility got its commercial production going about three years behind schedule, even though it was using its European parent's existing technology. And our French competitor, Areva, who mocks our facility delays, should not throw any stones. Even with a \$2 billion loan guarantee, and centrifuge technology from its own joint venture with Urenco, Areva's planned Eagle Rock enrichment plant in the United States has been delayed so many years that the press reports that Areva is no longer projecting a date for production to avoid dashing expectations while they hunt for financing.

We've put billions into our facility and we are producing test quantities of LEU now. Our timing and projections for commercial production are based on actual progress and substantial technological developments. Areva hasn't even put a shovel in the ground.

Technical Expertise

Let's talk about the technical expertise needed for production in this industry. I know that's something that matters to you in how you think about USEC as a producer. Frankly, I don't think there are many industries out there that rival uranium enrichment for needing such specialized technical expertise. As I'm sure you can imagine, the enrichment of LEU involves highly technical, controlled information and skills and expensive and advanced technology and equipment.

Only a very small number of companies worldwide have the technology and capability to enrich uranium. USEC has long been a member of that club.

Only a few countries in the world possess this technology. Because of the nature of the technology, it is obviously classified. Our employees working at our American Centrifuge facility must have security clearances through the Department of Energy.

As General Manager of the ACP, I just want to share with you the incredible technical expertise of our employees. My staff at the ACP – and, as I’ve said, there are hundreds of them – have decades of experience with uranium enrichment. Many of them worked on our Portsmouth or Paducah production facilities. They have advanced engineering and scientific degrees and a level of sophistication about uranium that is hard to match. USEC and its employees are proud to be part of the high-tech manufacturing that we believe is the future of the manufacturing of this country.

Value Added

When we talk about commercial low enriched uranium, we’re talking about what goes into the fuel rods to power a nuclear reactor. Your Staff Report does a great job of laying out the process from uranium mining to enrichment to the fuel rods going into the plant. Here, the key thing to keep in mind is that enrichment is

a large part of the cost of production of LEU. We produce LEU from converted natural uranium and it is the enrichment of that uranium that really creates its value. Where the uranium is enriched determines the country of origin of that uranium as well, so uranium mined in Canada, but enriched in the United States by USEC is U.S. LEU, while that same natural uranium enriched by Areva in France is French LEU. This is due to the significant cost of enriching uranium and how enrichment results in the creation of a new and different product, that is, LEU.

Employment Levels/Sourcing of Parts in the United States

USEC has several hundred employees working at and supporting its American Centrifuge facility. More specific numbers are in our brief and in the materials I provided during the plant visit which I understand are part of the record now. We're looking to hire more people at our American Centrifuge facility as our production ramps up over the next several years.

As we have detailed in our brief, our facility is supporting not only USEC's direct jobs, but thousands of other jobs at a number of other U.S. companies. All of our AC100 machines are designed, engineered, and built in the United States. We estimate that 8,000 jobs in the United States will result from the American Centrifuge project and its ongoing construction and development. We have been

working with top American companies to develop the materials needed for our centrifuges.

Here are some of our major suppliers (slide) and we currently have over 100 suppliers in 26 states.

Because of the sensitive and technical nature of the components for uranium enrichment, USEC has funded, with our own money, the construction and retooling of facilities in the United States that make the components for our American Centrifuge facility. The quality and type of these parts are highly technical and the result of substantial R&D specific to the ACP project. As those on the tour of the ACP saw, we currently have hundreds of millions of dollars of U.S.-made parts at the facility, ready to be installed.

Finally, as the General Manager of our ACP, I want to reiterate the importance of this antidumping duty order. As John Donelson will explain momentarily, I know our sales team for the ACP production does not want to be competing with unfairly traded LEU. We need a stable and fair marketplace in order to secure long-term contracts for our U.S. production. The ACP is an extensive, highly sophisticated production-related endeavor dedicated to the U.S. production of LEU. It will be the only U.S.-owned LEU facility, and the only operating facility using U.S. enrichment technology.

Thank you for your attention. I will be happy to answer any questions you may have.