

# Funding "iffy" for Ohio uranium enrichment plant

By *TERRY KINNEY, Associated Press* – Sat Nov 8, 1:22 pm ET

[http://news.yahoo.com/s/ap/20081108/ap\\_on\\_bi\\_ge/usec\\_piketon](http://news.yahoo.com/s/ap/20081108/ap_on_bi_ge/usec_piketon)

CINCINNATI – The nation's only provider of enriched uranium for nuclear power plants says it will go ahead with development of a southern Ohio project even though it has been unable to attract financing in the \$3.5 billion venture.

USEC Inc., based in Bethesda, Md., is developing the American Centrifuge project on the site of a former gaseous diffusion plant in Piketon, about 80 miles east of Cincinnati.

The centrifuge technology is considered more efficient for concentrating the fissionable uranium isotope U235.

"The market for our enrichment product remains strong with improving prices, and we like the prospect for growth in our industry," CEO John Welch said when USEC announced its third-quarter results on Nov. 4.

But in a companion announcement about progress at Piketon, Welch conceded that work may depend on whether USEC gets the \$2 billion Department of Energy-guaranteed loan it has applied for.

"We do not believe public market financing for a large capital project such as the ACP is available to us, given current financial market conditions," Welch said. "We view the DOE loan guarantee program as the path for obtaining the debt financing to complete the American Centrifuge project."

In February, USEC said the Piketon cost would be more than double the original estimate five years ago and \$1.2 billion more than just a year earlier. USEC expected the plant will begin operation in late 2009, and have 11,500 centrifuge machines — each about 40 feet tall — running in 2012.

In September, it awarded a \$1 billion contract to Fluor Corp. of Irving, Texas, for

engineering, procurement and construction.

Company spokeswoman Elizabeth Stuckle said Friday that USEC was counting heavily on the DOE loan to improve its chances of finding investors and keeping the project on schedule.

"If we do not receive a loan guarantee — which we expect to — it could slow down our deployment," Stuckle said.

USEC still believes it can begin commercial operation by the end of the first quarter of 2010, and have full deployment by the end of 2012, she said.

French-owned Areva Inc., also based in Bethesda, Md., is competing with USEC for the DOE-guaranteed loan, Stuckle said.

Areva has applied for regulatory approval to build a uranium enrichment plant in Idaho to come on line in 2014.

If the government-guaranteed loan is not approved in the final weeks of the Bush administration, it could be advanced when president-elect Barack Obama is sworn in. While campaigning in southern Ohio in August, Obama said the Piketon site workforce and surrounding communities "will play a central role in our nation's domestic energy supply through private sector and government initiatives."

"Under my administration, energy programs that promote safe and environmentally-sound technologies and are domestically produced, such as the enrichment facility in Ohio, will have my full support," Obama said in a letter to Gov. Ted Strickland.

"I will work with the Department of Energy to help make loan guarantees available for this and other advanced energy programs that reduce carbon emissions and break the tie to high cost, foreign energy sources."

USEC took over the Ohio plant and one in Paducah, Ky., when the former government agency was privatized during the Clinton administration. The Ohio plant stopped producing enriched uranium in 2001, and USEC has said it will close the Paducah Gaseous Diffusion Plant when the American Centrifuge project comes on line.