

HARD ROAD Paducah, Piketon both find nuclear future challenging

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Monday's announcement that United States Enrichment Corp. Inc. (USEC) would file voluntary Chapter 11 bankruptcy early next year probably rattled a lot more windows in Ohio than it did locally.

USEC is in the process of winding down its operations at the Paducah Gaseous Diffusion Plant, having already laid off several hundred workers, with most of the rest of the local plant's workforce expected to be let go in 2014.

The planned bankruptcy filing is not a total surprise. USEC had long staked its future on developing its American Centrifuge project in Piketon, Ohio into a commercial scale nuclear enrichment facility. But it failed to get a critical government loan guarantee two years ago, and has been unable to find investors to provide the billions needed to bring the plant to full-scale production.

The USEC filing will be a "prepackaged" bankruptcy, meaning USEC is virtually certain to survive as a company, although USEC says its lenders will own 79 percent of the company when the proceeding concludes. A couple of key investors, Toshiba Corp. and Babcock & Wilcox Investment Company, would get a 16 percent stake under the plan. All of that could be good news for USEC if the plan goes through (roughly 40 percent of USEC's creditors have not signed on to the plan as yet, which could mean difficulty in bankruptcy court). Toshiba and Babcock & Wilcox certainly have the financial heft to finance a drive by a USEC lightened of debt to achieve full-scale commercial production. At the same time, it's hard to overlook the irony of how the USEC saga is playing out in Paducah and in Piketon.

USEC was established when, in 1992, a congressional energy bill included a provision privatizing domestic uranium enrichment. Initially, Paducah and Piketon were set to fight tooth and nail for what was thought to be USEC's future — a laser enrichment technology being developed in Australia called AVLIS. Paducah believed it had the upper hand in that battle.

But USEC's then-CEO, Nick Timbers, concluded AVLIS was not commercially viable and he elected to pursue the more-proven centrifuge technology instead. That decision ultimately placed USEC's future in Piketon. There was already a building available there, and centrifuge technology does not mix well with seismic activity, which was a concern in Paducah.

Certainly no one wishes the Piketon venture ill. In fact, many of USEC's Paducah employees have transferred to the new operation there over the years, such that there is a link between the two communities.

Yet it looks like in the end, Paducah may end up with what it was shooting for in the early days of this saga: next-generation laser-enrichment technology. It may even be that Paducah's nuclear industry future is now more certain than Piketon's.

We refer of course to the Thanksgiving week announcement that the Department of Energy has settled on a re-use proposal for the PGDP site that would have Global Laser Enrichment, a subsidiary of GE Hitachi, build a cutting-edge enrichment plant there.

A hope is that both USEC's Piketon operation and the Paducah GLE project will have successful futures. And if there is a lesson here from the Paducah perspective perhaps it is this: Communities that refuse to be discouraged and keep working hard despite seemingly insurmountable setbacks find ways to succeed in the long run.