

# The effects of losing USEC

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ALLIE DOUGLASS | The Sun Terry Wilford sends instructions from his computer to an engraving machine for a plastic engraved sign to be etched on Wednesday at Recognition Plus at 3215 Central Ave. Recognition Plus has been doing large-scale business with USEC for about 10 years, now dealing with much smaller orders from the plant due to the ending of its enrichment operations.

The big-picture numbers are daunting.

About \$168 million per year lost in worker wages and benefits.

Almost 1,200 United States Enrichment Corp. jobs in McCracken County gone.

About \$44,454 less spent by USEC each year on local, state and federal taxes originating in McCracken County.

And that is just the direct impact. When considering local USEC suppliers and the lost household income and fewer investment dollars in the future, the numbers balloon.

It's not just the roughly 1,200 USEC workers losing their jobs who take the hit, but also another 2,770 people whose jobs are created in part by having such a large, highly paid work force in the county.

Add those workers' lost wages and benefits, and McCracken County workers are bringing in \$370 million per year less after USEC's operations cease in Paducah.

The numbers come from a Kentucky Cabinet for Economic Development report, measured in 2011 dollars, that details the impact of the planned shutdown of enrichment activities at the Paducah Gaseous Diffusion Plant 15 miles west of Paducah.

The shutdown became reality in May, and USEC workers face a second round of layoffs in October.

Such a study from the Cabinet for Economic Development deals in concrete terms (the revenue from various taxes vanishing when USEC no longer pays them) and projections (estimating the impact on related businesses and the future jobs not created in other industries, such as food services and merchandise stores).

But the big-picture numbers don't fully illustrate the impact. One has to talk with business owners such as Terry Wilford, who has run Recognition Plus at 3215 Central Ave. since 1989.

Wilford's business produces all manners of engraved signs, plaques, name tags, awards and labels.

He began supplying USEC with labels for machinery and awards for different departments about 15 years ago, racking up as much as \$40,000 annually on USEC orders alone for the better part of 10 years.

A couple years ago, as rumors of USEC's planned shutdown in Paducah gained momentum, the orders began slacking off, Wilford said.

On Tuesday, Wilford said he had a spot order for USEC totaling a \$38 charge, and such orders come infrequently.

"There just isn't any way to replace that business," Wilford said. Orders from other local companies, namely river shipping operations headquartered in Paducah, keep his business churning, but Wilford said orders have not kept up with rising costs over the past several years. "I'm doing close to as much business as we did five years ago, but our overhead is up so much, (power) rates are up, taxes go up, insurance goes up. Sooner or later you can't pass that along," Wilford said.

Eight companies in the region are among USEC's top local suppliers: Airgas, a gas, welding and safety supply firm; Atmos Energy; Hannan Supply Company, an electrical supply company in Paducah; and Midwest Terminal, oil and fuel supplier.

Others are Grainger, an industrial supplier headquartered in Lake Forest, Ill.; Henry A. Petter Supply Company of Paducah; South Side Machine Shop, and JMS Russel Metals Corp. with an office in Paducah.

Most have been planning for life without USEC.

In March, the plant was one of South Side Machine Shop's three largest customers.

Similar to other local machine shops, South Side Machine provided USEC with metal machine parts as often as every other week to keep the PGDP running smoothly.

Orders from USEC effectively stopped in 2012, and the company began making plans to find customers to fill the void, Seth Cronch, sales manager, has said.

Randy Warmath, co-owner of Precision Machine Inc., said the machine shop on South Third Street completed only spot orders of machine repairs.

As USEC has slowed its operations, the only major influence on Precision Machine has been the hiring of a former USEC employee or two, Warmath said.

The C-Plant Federal Credit Union launched in 1951 with a single branch inside the PGDP, its name hinting at its origins.

In 1950, the federal government selected Carbide and Carbon Chemicals Co. (later called Union Carbide) to operate the plant, and operations began in 1952. For years, locals called it the Union Carbide plant, and the credit union used to serve plant workers only.

C-Plant converted to a community charter in 2006, allowing it to operate similarly to a traditional bank and serve anyone. Paul Adams, C-Plant CEO, said the credit union has seven branches in Graves, Ballard, Livingston and McCracken counties, including the one still operating at the plant site.

"We will occupy an office at the plant for as long as there is a plant, I suppose," Adams said.

Because the credit union has grown and diversified, Adams felt the effect of USEC's shutdown will only affect C-Plant and its customers as much as any other financial institution in the region. By and large, most business leaders in the community aren't sure to what extent USEC's shutdown will hurt their business, and the effects may differ from industry to industry.

As Wilford puts it, local businesses are in a balloon, hoping it doesn't pop.

"It's like putting air in a balloon. That balloon is going to blow up sooner or later," Wilford said.