OH Uranium Plant Says Layoffs Possible

Kantele Franko, Associated Press

COLUMBUS, Ohio (AP) — The developer of a uranium enrichment project in southern Ohio said Friday it is suspending contracts with some suppliers and notifying about 450 workers in Ohio, Tennessee and Maryland that they might be laid off if uncertainty about funding means it has to stop most activity on the project.

Bethesda, Md.-based developer USEC Inc. has had trouble securing a $2 billion federal loan guarantee it says is needed for construction to move forward on the American Centrifuge Plant in Piketon, about 65 miles south of Columbus, and it's taking the first steps toward possibly demobilizing the project.

It plans to mail notices about possible layoffs to more than 200 American Centrifuge workers each in Ohio and Tennessee and a handful more at its headquarters, USEC spokesman Paul Jacobson said. The company said that it is reducing its spending on the project by about 30 percent during October, and that layoffs and further reductions are likely if it doesn't have the loan guarantee by November.

"We want to get this done," Jacobson said. "We think it's the right thing to do, but we can't go on spending at the current rate indefinitely. We have to be respectful of managing the company's resources."

Ohio Gov. John Kasich has urged President Barack Obama to include support for the project in his job creation plan, saying several thousand jobs directly or indirectly linked to the project were at risk.

Kasich told reporters on Friday that he had spoken with USEC on Thursday night and said he planned to write a second letter to Obama about approval for the federal loan.

"What happened today is the company's basically saying, 'We need to know,'" Kasich said. "It would be tragic if we lost this because it is absolutely the right thing for the country and it is obviously the right thing for Ohio."

The plant would be at the site of a former gaseous diffusion plant that enriched uranium during the Cold War. It would produce enriched uranium for use in generating electricity at nuclear power plants.

Damien LaVera, a spokesman for the U.S. Department of Energy, said the agency has been working with USEC as it's been testing its technology, obtaining private financing and meeting other benchmarks required for a successful loan guarantee application.

"We are strongly committed to developing effective, domestic nuclear enrichment capabilities and are looking at all options on a path forward," LaVera said.

President and CEO John Welch said in a statement that USEC officials will continue working with the Energy Department to get the loan guarantee. The department rejected the guarantee in 2009, and officials indicated they didn't believe the project was ready to move forward.

Ohio Sen. Sherrod Brown, a Democrat, also voicing support for the project Thursday, said it's "important for our nation's energy future and national security."

Two companies investing in the plant had committed $50 million for the second phase of the plant, but that commitment was linked to acquiring the loan guarantee, said Jacobson, the spokesman. The original June deadline for that deal had been repeatedly delayed and on Friday was extended until the end of October.

Piketon Mayor Billy Spencer called Friday's announcement "bad news" for his town of roughly 2,300 people.

"We're suffering down here. People are hurting. ... We need these jobs," Spencer said in a telephone interview. "We need this plant down here. We really do."

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