



February 24, 2004

NEF#04-003

ATTN: Document Control Desk
Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20005-0001

Louisiana Energy Services, L.P.
National Enrichment Facility
NRC Docket No. 70-3103

Subject: Response to NRC Request Concerning Financial and Partnership Information in
the License Application

By letter dated December 12, 2003, Louisiana Energy Services (LES), L.P., submitted applications for the licenses necessary to authorize construction and operation of a gas centrifuge uranium enrichment facility, the National Enrichment Facility (NEF). In a telephone discussion on January 26, 2004, the NRC requested clarification of certain financial and partnership information in the applications. This letter provides the requested information.

Subsection 1.2.1.2, "Organization and Management of Applicant," of the Safety Analysis Report in the license application states that 10% of LES is owned by companies representing Entergy Corporation, Duke Energy Corporation, and Exelon Generating Company, LLC. Since the 10% is divided evenly, each of the three companies owns a total of 3.33% of LES. With respect to reasonable assurance of purchase of LES's enrichment services, our press release of December 3, 2002 (attached), announced the first round of contracts between LES and several U.S. nuclear power plant operators including Exelon. These contracts represent 50% of the NEF's first 10 years of production. LES expects to sign more contracts before the NRC completes its review of the license application. LES's plan is that once the license is approved, construction will not start until the project is fully funded (i.e., the funds are committed) by a combination of equity and debt. Finally, clarification of the role of LES and the county government with regard to the Industrial Revenue Bonds (IRBs) was provided in LES's letter to the NRC dated January 9, 2004. IRBs are being issued by Lea County, New Mexico, to generate gross receipts, compensating, and property tax benefits in connection with LES's proposed uranium enrichment

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facility. IRBs are "self-funded," i.e., the IRBs will be sold to an affiliate of LES, solely for the purpose of tax abatement and will not generate any of the actual funding for the NEF project.

If you have any questions or need additional information, please contact me at 630-657-2813.

Respectfully,

A handwritten signature in black ink, appearing to read "R. M. Krich", written in a cursive style.

R. M. Krich

Vice President – Licensing, Safety, and Nuclear Engineering

Attachment: December 3, 2003 Press Release

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cc: T.C. Johnson, NRC Project Manager
N. Farquhar, Energy/Environment Advisor, State of New Mexico, Office of the Governor
D. Watchman-Moore, Deputy Secretary, New Mexico Environment Department
(2 copies)
D.M. Holmberg, County Manager, Lea County, New Mexico
J. Brown, Mayor of Eunice, New Mexico
S. McCleery, President, New Mexico Junior College
Dr. C.P. Robinson, President and Laboratories Director, Sandia National Laboratories
E. Valdez, Executive Director (Acting), Economic Development Corporation of Lea
County
D. Hancock, Director, Nuclear Waste Safety Program; SRIC Administrator, Southwest
Research and Information Center



FOR IMMEDIATE RELEASE

Contact: Marshall Cohen – 412-638-6798 or 202-659-4344

April Wade – 505-440-9441 or 505-888-5877 (New Mexico contact)

LES Announces First Round of Signed Contracts

December 3, 2003, Albuquerque – Louisiana Energy Services (LES) announced the first round of contracts with several US nuclear power plants including Exelon were signed this week. These contracts represent 50% of the National Enrichment Facility (NEF) first ten years of production.

“This first round of contracts demonstrate the need for a gas centrifuge uranium enrichment facility within the US nuclear power industry,” said Jim Ferland, President of LES. “The NEF will decrease US dependence on enriched uranium from other countries. The signing of the first round of contracts and the support we have received for the NEF in Lea County New Mexico gives us a great deal of confidence in the future of this project.”

The nuclear power industry has long supported increased competition in the United States uranium enrichment marketplace. Today, there is only one source of enriched uranium in the United States, which provides only 12-15 percent of the demand. The NEF will, for the first time, provide an alternative and competitive fuel supply. A key ingredient in national energy security.

“The NEF is very important in ensuring that nuclear power maintains a competitive position,” said Oliver Kingsley, President and Chief Operating Officer of Exelon Corporation. “This facility will enable Exelon, and in fact all U.S. nuclear utilities, to maintain the assurance of a competitively priced and secure domestic supply of nuclear fuel. It will also help us keep the nation’s energy supply robust and competitive, added Kingsley.

LES announced the location to build the National Enrichment Facility (NEF) at a ceremony in early September featuring New Mexico officials including Senators Pete Domenici and Jeff Bingaman, Governor Bill Richardson, Congressman Steve Pearce and numerous other state and local officials.

LES currently is a partnership of major companies in the nuclear energy business in the United States and in Europe. Partners include Urenco (a British, Dutch and German partnership) and US utilities Duke Power, Entergy and Exelon. LES plans to build a uranium enrichment facility in Eunice, New Mexico.