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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

February 4, 2005 (11:57am)

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

OFFICE OF SECRETARY  
RULEMAKINGS AND  
ADJUDICATIONS STAFF

In the Matter of:

Louisiana Energy Services, L.P.  
(National Enrichment Facility)

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Docket No. 70-3103-ML  
ASLBP No. 04-826-01-ML

**OUTLINE SUMMARY OF LES POSITION  
ON NIRS/PC EC-7: NEED FOR THE FACILITY**

In accordance with the Board's Memorandum and Order (Memorializing and Ruling on Matters Raised in conjunction with August 3, 2004 Conference Call and Setting General Schedule for Proceeding) of August 16, 2004, following is the outline summary of Louisiana Energy Services, L.P.'s position on NIRS/PC EC-7 – Need for the Facility.

**NIRS/PC Argument:** There will be an adequately improved competitive supply without the NEF plant (Sheehan Direct, Answer 10). LES erroneously assumes shortage of enrichment capacity (Basis A of EC-7). Demand forecast is "flat", "slightly negative" (Sheehan Direct, Answer 17).

- The primary basis for the "need" for the NEF involves the national policy goals of ensuring diverse, reliable domestic enrichment capacity. Bases A and B for EC-7 do not address the basis for need (Krich/Schwartz Direct, Answer 14).
- LES did not "assume shortage" of enrichment supply. Instead, based upon a comprehensive analysis of demand and supply (Krich/Schwartz Direct, Answers 21-54), ERI concluded that the need for new enrichment capacity in the U.S. is even more apparent in view of forecasted enrichment services requirements and supplies after 2010, including the planned shutdown of Paducah. (Krich/Schwartz Direct, Answer 55).

- This is the case even if one assumes that both LES's proposed NEF and USEC's proposed ACP commence operation as planned, and the U.S. Russian HEU Agreement is extended (Krich/Schwartz Direct, Answer 55).
- Analysis demonstrates that, from a "supply/demand" perspective, there is a need for the NEF (Krich/Schwartz Direct, Answers 52-55).

**NIRS/PC Argument:** LES's statements of "need" depend primarily upon global projections, rather than projections of need for enrichment in U.S. (Basis B of EC-7).

- NUREG-1520 seeks information on "global" supply and requirements, and nature of enrichment market necessitates a global analysis (Krich/Schwartz Direct, Answer 14).
- The ERI analysis of demand encompassed all countries with nuclear plants (Krich/Schwartz Direct, Answer 22).
- Analysis also included forecasted trends in US nuclear generating capacity (Krich/Schwartz Direct, Answers 25, 29-36).

**NIRS/PC Argument:** LES has not shown how it would effectively enter the market in the face of existing and anticipated competitors (Basis C of EC-7).

- LES has demonstrated that it can effectively enter the market, by virtue of the fact that under contracts that have been finalized or that are imminent, 67 percent of the NEF's output through the facility's initial 10 years of operation has been sold. (Schnoebelen Proprietary Direct, Answer 16).
- By any measure, this is a direct demonstration of LES's ability to compete in the market in the face of existing and anticipated competitors. (Schnoebelen Proprietary Direct, Answer 18).
- As to the public benefit that would be provided by the NEF, this facility will provide a secure, reliable, and domestic source of enrichment that will be primarily devoted to serving the needs of the U.S. nuclear energy industry. As nuclear energy provides approximately 20 percent of this Nation's electricity, the benefits of the NEF have been recognized and endorsed by the U.S. Government (Krich/Schwartz Direct, Answer 14).



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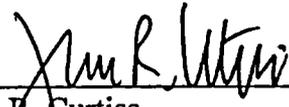
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