

January 28, 2005

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)	
)	
LOUISIANA ENERGY SERVICES, L.P.)	Docket No. 70-3103
)	
(National Enrichment Facility))	ASLBP No. 04-826-01-ML

NRC STAFF REBUTTAL TESTIMONY OF RICK NEVIN CONCERNING
NUCLEAR INFORMATION AND RESOURCE SERVICE AND PUBLIC CITIZEN
ENVIRONMENTAL CONTENTION 7 ("NIRS/PC EC-7")
(NEED FOR THE FACILITY)

- Q1. Please state your name, occupation, and by whom you are employed.
- A1. Rick Nevin
Consultant
ICF Consulting
- Q2. Have you previously submitted testimony in this proceeding?
- A2. Yes. I provided testimony in this proceeding on January 7, 2005, on behalf of the U.S. Nuclear Regulatory Commission. In that testimony, I described my current responsibilities. I also attached a copy of my professional qualifications.
- Q3. What was the purpose of your previous testimony?
- A3. I provided my views concerning Nuclear Information and Resource Service and Public Citizen (NIRS/PC) Environmental Contention 7 (EC-7).
- Q4. What is the purpose of this testimony?
- A4. To provide my views on NIRS/PC's pre-filed testimony of Dr. Michael Sheehan regarding contention NIRS/PC EC-7.

Q5. Have you read the direct testimony on the issue of need submitted by Dr. Sheehan? If so, please state your opinion of the testimony.

A5. Yes, I have. It is my opinion that Dr. Sheenan's conclusion that "there will be an adequately improved competitive supply without the NEF plant" is not supported, and is actually contradicted, by his own testimony related to projected supply and demand for enrichment services.

Q6. Could you please explain?

A6. The fundamental basis for the ER conclusion that there is a need for the NEF is a detailed forecast showing global supply and demand for enrichment services expected to be "in very close balance after 2010, emphasizing the need for all supply sources, including the proposed LES and USEC centrifuge enrichment plants in the U.S." (LES Environmental Report for the National Enrichment Facility, rev. 3, September 2004, p. 1.1-15, Staff Exhibit 22). The ER also shows that forecasts for domestic demand in 2016 (ER Figure 1.1-5, Staff Exhibit 22) are in close balance with, or exceed, a 2016 domestic supply forecast that assumes continuing supply from Russian HEU and production from both the USEC ACP and LES NEF operating at currently planned capacity (ER Table 1.1-7, Staff Exhibit 22). The ER also emphasized that nuclear power plant owners and operators want "a competitive procurement process - that is the ability of the purchaser to select from among multiple suppliers".

Dr. Sheenan's testimony does not address global supply and demand projections, and only briefly discusses the global market as it relates to current domestic market imports and exports. In this regard, he notes that domestic market "imports, primarily from Western Europe, have been in the range of 3.0 mSWU" and that USEC exports "about 3.0 mSWU of its capacity to customers outside the United States, primarily Asia."

With respect to domestic supply, Dr. Sheenan's testimony reproduces an ER table showing "Economically Competitive and Usable Capability" for domestic enrichment in 2003 and in 2016. The anticipated changes in domestic supply from 2003 to 2016 reflected in this table include: (1) A loss of 6.5 million SWU supply from the USEC Paducah facility; (2) A loss of 0.6 million SWU supply from DOE HEU; (3) A gain of 3.5 million SWU from the planned USEC ACP; and (4) a continuing supply of 5.5 million SWU from the Russian HEU Agreement. The net effect of these changes is that total domestic supply capability is expected to decline from 12.6 million SWU in 2003 to 9.6 million SWU in 2016.

With respect to domestic demand, Dr. Sheenan reproduces another ER table showing the LES "Annual Enrichment Requirements Forecast" and notes: "The forecast is flat." He also cites the EIA forecast for domestic demand and concludes: "Again, demand is flat."

Dr. Sheenan's testimony offers no explanation for how flat domestic demand combined with a forecast decline in supply supports his overall conclusion that "there will be an adequately improved competitive supply without the NEF plant". In fact, the forecasts he cites contradict the conclusion that domestic supply will be "adequate" relative to domestic demand. The forecast decline in supply capability from 12.6 in 2003 to 9.0 in 2016 also contradicts the conclusion that supply will be "improved", and the supply forecast without the NEF includes no "competitive" domestic supply alternative to USEC.

The forecasts in Dr. Sheenan's testimony actually support the LES ER conclusion that the combined capability of the LES NEF and USEC ACP "effectively replaces the 6.5 million SWU per year of enrichment services from the Paducah GDP, with a combination of 3.5 million SWU per year of enrichment services from the new USEC commercial centrifuge enrichment plant and 3 million SWU per year of enrichment services

from a new LES centrifuge enrichment plant, leaving the total capability of indigenous U.S. primary supply effectively unchanged, but secure for the long term.”

Q7. Does Dr. Sheehan dispute the projections in the Environmental Report?

A7. No. In fact, his testimony also notes that the 2002 USEC agreement with DOE obligated USEC to “continue to operate the outdated Paducah plant until 2010 and develop, build, and bring on line a new state-of-the-art centrifuge plant by the time that Paducah closes”, consistent with the ER forecast for the closure of the Paducah facility and the ramp up of the new USEC ACP between 2003 and 2016.

Q8. Does this conclude your testimony?

A8. Yes.