

May 16, 2005

NEF#05-024

ATTN: Document Control Desk
Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

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

Subject: Conforming Changes to the License Application Resulting from a Request for Exemption Regarding Decommissioning Funding Assurance

- References:**
1. Letter NEF#03-003 dated December 12, 2003, from E. J. Ferland (Louisiana Energy Services, L. P.) to Directors, Office of Nuclear Material Safety and Safeguards and the Division of Facilities and Security (NRC) regarding "Applications for a Material License Under 10 CFR 70, Domestic licensing of special nuclear material, 10 CFR 40, Domestic licensing of source material, and 10 CFR 30, Rules of general applicability to domestic licensing of byproduct material, and for a Facility Clearance Under 10 CFR 95, Facility security clearance and safeguarding of national security information and restricted data"
 2. Letter NEF#04-002 dated February 27, 2004, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Revision 1 to Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material"
 3. Letter NEF#04-029 dated July 30, 2004, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Revision to Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material"

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4. Letter NEF#04-037 dated September 30, 2004, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Revision to Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material"
5. Letter NEF#05-021 dated April 22, 2005, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Revision to Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material"
6. Letter NEF#05-022 dated April 29, 2005, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Revision to Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material"
7. Letter NEF#05-23 dated May 11, 2005, from R. M. Krich (Louisiana Energy Services, L. P.) to Director, Office of Nuclear Material Safety and Safeguards (NRC) regarding "Request for Exemption to Certain Provisions of 10 CFR 40.36 and 10 CFR 70.25, 'Financial assurance and recordkeeping for decommissioning'

By letter dated December 12, 2003 (Reference 1), E. J. Ferland of Louisiana Energy Services (LES), L. P., submitted to the NRC applications for the licenses necessary to authorize construction and operation of a gas centrifuge uranium enrichment facility. Revision 1 to these applications was submitted to the NRC by letter dated February 27, 2004 (Reference 2). Subsequent revisions (i.e., revision 2, revision 3 and revision 4) to these applications were submitted to the NRC by letters dated July 30, 2004 (Reference 3), September 30, 2004 (Reference 4), April 22, 2005 (Reference 5), and April 29, 2005 (Reference 6), respectively.

A request for exemption from certain provisions of 10 CFR 40.36 and 10 CFR 70.25 to permit decommissioning funding assurance to be provided on an incremental basis was submitted by letter dated May 11, 2005 (Reference 7). This exemption request was provided as a revision to Safety Analysis Report (SAR) Section 1.2.5, "Special Exemptions or Special Authorizations." Although conforming changes to the SAR were submitted with the exemption request, additional conforming changes were subsequently identified. Accordingly, these additional conforming changes are provided in the enclosure as changes to SAR Section 10.2.2, "Adjusting Decommissioning Costs and Funding," and the SAR "Table of Contents." These changes will be included in a future revision of the license application.

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If you have any questions, please contact me at 630-657-2813.

Respectfully,



R. M. Krich
Vice President – Licensing, Safety, and Nuclear Engineering

Enclosure:

Conforming Changes to License Application Pages

cc: T. C. Johnson, NRC Project Manager

ENCLOSURE

Conforming Changes to License Application Pages

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10.2.2 Adjusting Decommissioning Costs and Funding

In accordance with 10 CFR 40.36(d) (CFR, 2003h) and 70.25(e) (CFR, 2003i), LES will update the decommissioning cost estimate for the NEF, and the associated funding levels, over the life of the facility. These updates will take into account changes resulting from inflation or site-specific factors, such as changes in facility conditions or expected decommissioning procedures. These funding level updates will also address anticipated operation of additional Separations Building Modules and accumulated tails.

As required by the applicable regulations 10 CFR 70.25(e) (CFR, 2003i), such updating will occur approximately every three years. A record of the update process and results will be retained for review as discussed in Section 10.2.3, below. The NRC will be notified of any material changes to the decommissioning cost estimate and associated funding levels (e.g., significant increases in costs beyond anticipated inflation). To the extent the underlying instruments are revised to reflect changes in funding levels, the NRC will be notified as appropriate.

In addition to the triennial update of the decommissioning cost estimate described above, LES has committed to supplemental updates as described in the request for exemption in SAR Section 1.2.5 in order to ensure adequate financial assurance on an incremental basis. Specifically, LES commits to update the decommissioning cost estimates and to provide to the NRC a revised funding instrument for facility decommissioning prior to the operation of each Separations Building Module at a minimum. LES also commits to updating the cost estimates for the dispositioning of the depleted uranium byproduct on an annual forward-looking incremental basis and to providing the NRC revised funding instruments that reflect these projections of depleted uranium byproduct production. If any adjustments to the funding assurance are determined to be needed during this annual period due to production variations, they would be made promptly and a revised funding instrument would be provided to the NRC.

For the first triennial period, LES intends to provide decommissioning funding assurance for the entire facility, incorporating the three Separations Building Modules, and the amount of depleted uranium byproduct that would be produced by the end of that first three year period. In 2004 dollars, the following cost estimates would be assured: 1) the total facility decommissioning cost estimate of \$131,103,000 from Table 10.1-14, "Total Decommissioning Costs," 2) the cost for dispositioning 4,861 MT of depleted uranium byproduct, the amount produced at the end of the first three years of operation, based on a projected nominal 30 years of operation, and using a cost of \$4.68 per kg of depleted uranium byproduct, (\$4,680 per MT depleted uranium byproduct) from SAR Section 10.3, yielding a total of \$22,749,480, and 3) applying a 25% contingency factor to the total, or \$38,463,120. Accordingly the total projected decommissioning cost estimate for the first triennial period of NEF operation for which financial assurance would be provided would be \$192,315,600. However, if significant deviations to the facility construction or initial operation schedules are encountered after the first triennial period, LES may instead provide decommissioning funding assurance on the incremental basis described above, i.e., prior to the operation of a Separations Building Module and on an annual basis for the depleted uranium byproduct.

10.2.3 Recordkeeping Plans Related to Decommissioning Funding

In accordance with 10 CFR 40.36(f) (CFR, 2003h) and 70.25(g) (CFR, 2003i), LES will retain records, until the termination of the license, of information that could have a material effect on the ultimate costs of decommissioning. These records will include information regarding: (1) spills or other contamination that cause contaminants to remain following cleanup efforts; (2) as-built drawings of structures and equipment, and modifications thereto, where radioactive contamination exists (e.g., from the use or storage of such materials); (3) original and modified cost estimates of decommissioning; and (4) original and modified decommissioning funding instruments and supporting documentation.