

December 30, 2005

MEMORANDUM TO: James W. Clifford, Acting Chief  
Special Projects Branch  
Division of Fuel Cycle Safety  
and Safeguards

THRU: Brian W. Smith, Chief /RA/  
Gas Centrifuge Facility Licensing Section  
Special Projects Branch, FCSS

FROM: Timothy C. Johnson /RA/  
Senior Project Manager  
Gas Centrifuge Facility Licensing Section  
Special Projects Branch, FCSS

SUBJECT: DECEMBER 20, 2005, MEETING SUMMARY: LOUISIANA  
ENERGY SERVICES MANAGEMENT MEETING

On December 20, 2005, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Lea County, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Enclosure: Louisiana Energy Services  
Meeting Summary

cc:	William Szymanski/DOE	Claydean Claiborne/Jal	Rod Krich/LES
	Monty Newman/Hobbs	James Curtiss/W&S	Troy Harris/Lovington
	Peter Miner/USEC	Betty Richman/Tatum	James Ferland/LES
	Glen Hackler/Andrews	William Floyd/New Mexico	James Brown/Eunice
	Lue Ethridge/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
	Michael Marriotte/NIRS	Jerry Clift/Hartsville	CO'Claire/Ohio
	Derrith Watchman-Moore/NM	Joseph Malherek/PC	Ron Curry/NMED
	Tannis Fox/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
	Lindsay Lovejoy/NIRS	Roger Mulder/Texas	



Summary of  
Louisiana Energy Services Management Meeting

Date: December 20, 2005

Place: U.S. Nuclear Regulatory Commission (NRC) offices  
Rockville, MD

Attendees: See Enclosure 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the proposed Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Enclosure 2.

Discussion:

After introductions, Mr. Jack Strosnider, Director of the Office of Nuclear Material Safety and Safeguards, summarized activities that have taken place since the last management meeting in May 2005. These included meeting our schedule goals and issuing the Safety Evaluation Report (SER) and Final Environmental Impact Statement (FEIS) for the project. Mr. Strosnider indicated that NRC staff participated in the October 2005 evidentiary hearings and is currently supporting the hearings scheduled for January 2006 and the mandatory hearings scheduled for March 2006. He also stated that LES discussions on their plans and schedules for other regulatory submittals is an important area of communications. He also stated that LES cooperation and high quality submittals allowed NRC to meet its schedules.

Mr. James Ferland, President and Chief Executive Officer of LES, provided introductory remarks indicating that he appreciates the cooperation LES has received and good communications between LES and NRC staffs.

Mr. Brian Smith then discussed the current licensing status of the project. He stated that the staff issued the SER and FEIS in June 2005. He also stated that NRC staff is continuing to review the U.S. Department of Energy (DOE) cost estimate on dispositioning depleted uranium and that LES is scheduled to provide responses to clarification questions by the end of December. Mr. Smith indicated that NRC is also reviewing recent information provided by LES on depleted uranium cylinder washing and debt service applicable to the deconversion facility cost basis for the decommissioning funding plan.

Mr. Smith noted that NRC staff continues to support the hearing process including the additional evidentiary hearing to be held in January 2006 on cylinder washing and debt service and the mandatory hearings scheduled for March 2006. He said that the Atomic Safety and Licensing Board (ASLB) is expected to issue a decision on the contested hearing technical issues in February 2006 and a decision on the mandatory hearing in June 2006.

Mr. Smith summarized a meeting held in November on International Atomic Energy Agency (IAEA) safeguards and export control information. He said that DOE is reviewing the LES

Safety Analysis Report (SAR) and Integrated Safety Analysis (ISA) Summary for export control information and is scheduled to have its review completed by December 23, 2005. Mr. Smith indicated that a meeting to discuss the results of DOE's review may be needed. Mr. Rod Krich from LES indicated that the SAR and ISA Summary were reviewed by Urenco prior to its submittal to ensure that no dual use information was included.

Mr. Smith then discussed the quality assurance audit conducted by NRC staff at the offices of LES' architect-engineer, Nuclear Technology Solutions (NTS). No deficiencies were found. Mr. Smith also indicated that LES' approach for defining boundaries for items relied on for safety is a model that other fuel cycle facilities could use.

Ms. Jennifer Davis discussed the status of the FEIS development and indicated that the FEIS was issued on schedule in June 2005 and that the environmental staff is continuing to provide hearing support. She also stated that staff is beginning to consider options of whether changes are needed in the 10 CFR Part 61 waste classification system as directed by the Commission. She indicated that she has no schedule yet for the completion of this task.

Ms. Margaret Bupp discussed the hearing status and stated that an additional hearing on cylinder washing and debt service is scheduled for January 2006 and the evidentiary hearing for the mandatory hearing is scheduled for March 2006. The ASLB is scheduled to make a decision on the contested hearing contentions in February 2006 and a decision on the mandatory hearing in June 2006.

Mr. Jay Henson from NRC Region II indicated that he appreciated the support LES provided for the visit to the Urenco gas centrifuge facility in Almelo, The Netherlands, by Region II staff in July 2005. He also stated that the Regional staff is beginning inspection planning and developing inspection schedules. He said that the NRC inspections will focus on the safety-related parts of facility construction.

Mr. James Ferland then discussed the project from the LES perspective (see Enclosure 3). He stated that he appreciates the effort made by the staff. He summarized activities that occurred since the last management meeting in May 2005. He also stated LES and NRC staff have begun to discuss transportation security of classified components and that a Transportation Security Plan is scheduled to be submitted to NRC in August 2006.

Mr. Ferland indicated that LES will submit responses to NRC questions on the DOE disposition cost estimate by the end of December 2005 and will provide a revised report on criticality code validation by December 23, 2005.

Mr. Ferland stated that the design work by NTS was proceeding on schedule with civil and structural work being performed first, followed by electrical and mechanical designs. He expected that a request for proposals for civil and structural work would be issued in February or March 2006 with a contractor selection made in June 2006. He expected the electrical and mechanical contractor request for proposals to be made in June 2006. He also stated that the current schedule for beginning construction is August 2006. He acknowledged that this is an aggressive schedule, but based on Urenco experience, he considers it one that is achievable. Mr. Ferland also stated that discussions on plant financing is progressing on schedule and he expects that financing arrangements will be finalized in June 2006.

Mr. Ferland then discussed key milestones where regulatory interactions are needed. These milestones included the submittal of IAEA questionnaires, the Transportation Security Plan, facility clearance applications, and decommissioning financial assurance instruments. He also presented information on when NRC operational readiness reviews are needed to begin.

Mr. Ferland also mentioned that Senator Domenici had recently visited the Urenco gas centrifuge plant in Almelo, The Netherlands. He said that the Senator came away impressed by the cleanliness of the plant and the comprehensiveness of the operator training program.

NRC and LES staffs then discussed the timing of the next management meeting. It was agreed that the next meeting should take place in May 2006 to discuss any remaining licensing issues and the anticipation of facility construction. Both Mr. Ferland and Mr. Strosnider emphasized that at any time, if issues surface, those issues should be addressed without waiting for the next management meeting.

#### Action Items

None.

#### Enclosures

1. Attendee list
2. Meeting agenda
3. LES presentation handouts

