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OFFICE OF SECRETARY  
RULEMAKINGS AND  
ADJUDICATIONS STAFF

**Docket No. 70-3103-ML**

## **LES Exhibit 123**



**CAMECO CORPORATION**

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January 9, 2006

Mr. Rod Krich  
Vice President, Licensing, Safety and Nuclear Engineering  
Louisiana Energy Services, L.P.  
2600 Virginia Avenue, N.W., Suite 610  
Washington, D.C. 20037

Dear Rod:

This letter is a follow-up to our recent conversation regarding the cost of cleaning and recertifying, or decommissioning, empty Type 48X or 48Y cylinders that have been used to hold depleted uranium hexafluoride (DUF<sub>6</sub>). You requested written confirmation of Cameco's views regarding the cost figure cited by LES during recent NRC hearings related to its license application for the National Enrichment Facility. I understand that LES has taken the position that \$0.60 per kgU as UF<sub>6</sub> (or about \$5,200 per cylinder) is sufficient to cover the cost of washing and recertifying the empty cylinders for reuse or, in the alternative, disposing of those cylinders.

LES's cost estimate is conservative, and should be more than sufficient to cover the costs of the activities mentioned above based on Cameco's experience. Cameco provides cylinder washing and recertification services (to the current ANSI N14.1 standard) for third party customers. The price that Cameco charges for performing these activities in 2006 is \$2,500 per cylinder (or \$0.29 per kgU as UF<sub>6</sub>). This price, which includes overhead and profit is about half of the figure cited by LES in its license application.

Cameco does not provide cylinder decommissioning services to third parties, nor does Cameco have a regular need to decommission its own cylinders. Throughout our operation's history, Cameco has only disposed of a very few damaged cylinders so you can see the need to scrap cylinders is rare. Our standard practice is to wash and re-certify cylinders every five years so that they may be reused repeatedly. For these reasons, I cannot quote you a "going rate" for cylinder decommissioning by Cameco.

Cameco is familiar, however, with the steps involved in cleaning a cylinder to meet Canadian free release standards as clean scrap metal. The principal activities involved are washing, cutting and manually grit-blasting the cylinder. Some additional work may be required to clean the cylinder's internal backing rings. The whole process requires about 30 person-hours. Based on our knowledge of these activities and

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their approximate costs, I am confident that \$0.60 per kgU would be sufficient to cover the cost of cleaning a cylinder to meet free release standards.

I hope that this letter is fully responsive to your request. Please feel free to contact me if you need any additional information or further assistance regarding this matter.

Sincerely,



Andrew J. Oliver, Ph.D.  
Director, Special Projects  
Cameco Corporation

c.c. J. Curtiss, Winston & Strawn  
S. Quinn, Vice-President, Law & General Counsel, Cameco Corporation  
R. A. Steane, Vice-President, Fuel Services Division, Cameco Corporation