

February 6, 2005

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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

NRC STAFF'S OUTLINE OF PROPOSED KEY DETERMINATIONS FOR CLARIFYING
INFORMATION RELATING TO COST ESTIMATE FOR DECONVERSION

Cost of Cylinder Washing

- Staff Witnesses: Cylinder washing and/or recertification is necessary for reuse of DUF_6 cylinders and therefore should be included as a cost of deconversion.
- Staff Witnesses: During normal operation, cylinders will be reused and this will be part of the operational cost of the facility
- Even if the cylinders are continuously reused, there will be some at the end of life of the NEF containing the last remaining tails. The cost of washing and/or recertifying these cylinders would be a decommissioning cost.
- Staff Witnesses: In the event that tails are not deconverted during the operational life of the NEF, all of the cylinders would require washing and/or recertification for decommissioning.
- Staff Witnesses: For determining decommissioning costs, the "worst case" scenario - which in this case is the need to wash and/or recertify all cylinders - need not be assumed. Since LES has stated that it intends to reuse and recycle cylinders during the life of the facility, this scenario can be accepted for assessing decommissioning cost.
- Staff Witnesses: LES has committed to include additional funding in the amount of \$0.60 per kgU. This number was confirmed to be sufficient to cover the cost by Cameco, (Exhibit 123) a company with extensive experience with these types of activities.

Cost of Capital

- Staff Witnesses: LES has stated that it is prepared to commit to an additional \$0.40 per kgU to account for the cost of capital associated with the construction of a deconversion facility.
- Staff Witnesses: The Staff's analysis of the adequacy of this amount was that it depends on the assumptions one makes regarding the flow of funds. If it is assumed that funds will be accumulated over the life of the NEF in order to finance the construction, licensing and engineering costs to build a deconversion plan, there would be no need to account for borrowing costs.
- Staff Witnesses: If, on the other hand, it is assumed that this amount would cover debt service to finance the construction of a deconversion plan that would begin operation by 2016, the Staff's analysis shows that this amount would not be sufficient. However, the Staff's analysis is dependent on a number assumptions including: (1) borrowing rate, (2) when construction would occur, (3) the rate at which funds are borrowed, (4) the time over which they would be repaid, (5) when operation would begin and reach full capacity.

Respectfully submitted,

/RA/

Lisa B. Clark
Counsel for NRC Staff

Dated at Rockville, Maryland
this 6th day of February, 2006

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CERTIFICATE OF SERVICE

I hereby certify that copies of "NRC STAFF'S OUTLINE OF PROPOSED KEY DETERMINATIONS FOR CLARIFYING INFORMATION RELATING THE COST ESTIMATE FOR DECONVERSION" in the above-captioned proceedings have been served on the following by deposit in the United States mail; through deposit in the Nuclear Regulatory Commission's internal system as indicated by an asterisk (*), and by electronic mail as indicated by a double asterisk (**) on this 6th day of February, 2006.

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