



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

August 6, 2008

Gregory Smith, Chief Operating Officer
and Chief Nuclear Officer
National Enrichment Facility
P.O. Box 1789
Eunice, NM 88231

**SUBJECT: ASSESSMENT OF LICENSEE PERFORMANCE (ALP) OF LICENSED
ACTIVITIES FOR LOUISIANA ENERGY SERVICES, L.L.C., NATIONAL
ENRICHMENT FACILITY (LES NEF), DOCKET NUMBER 70-3103**

Dear Mr. Smith:

The NRC staff completed its review of your performance in conducting NRC licensed construction activities at LES NEF. The review covered the period beginning June 23, 2006, and ending June 30, 2008. The NRC staff conducted the LES NEF's ALP using the guidance contained in Appendix B of Manual Chapter 2696, "Louisiana Energy Services Gas Centrifuge Facility Construction Inspection and Pre-Operational Readiness Review Inspection Programs."

The areas evaluated were management measures, facility construction, and facility support. Management measures include quality assurance, design controls, configuration management, procedures, audits, assessments, and records management. Facility construction includes geotechnical/foundation activities, structural concrete, structural steel, structural supports, piping systems, nuclear welding, and mechanical, electrical, and instrument components. Facility support includes training and qualification of plant personnel, safeguards, security, and special topics. For this review, special topics only included licensing activities.

This letter and enclosure provide the results of our review, and will be used as one of the bases for establishing the NRC oversight program for your conduct of licensed construction activities during the next 12 months. This review will also be used as one of the bases for establishing the NRC oversight program for your conduct of licensed operation activities, should the staff determine that the facility was constructed in accordance with the requirements of the license.

For this review period, the staff concluded that LES NEF conducted its construction activities safely and in accordance with the license requirements. The staff's review did not identify any areas needing improvement in management measures, facility construction, or facility support.

At the end of the review period, the NRC identified a violation with programmatic implications in the area of configuration management. While this violation, alone, did not provide sufficient examples to justify declaring this an area needing improvement, the violation and its causes did highlight a challenge for you and your staff. This challenge is to ensure that your configuration management program provides reasonable assurance to the NRC and the public that

regulatory, license, and design requirements are adequately translated into the as-built facility. Additional challenges in the next twelve months include the transition to limited radiological operations and transition from an emphasis on construction alone to an emphasis on operations concurrent with construction.

Based on your performance during this period, as documented in our inspection reports, the NRC will continue to inspect your facility commensurate with the level of ongoing construction activities and the level of risk posed by future operations. We plan to increase our inspection emphasis in the area of configuration management for previous, as well as, new construction activities to follow-up the aforementioned challenge.

We will discuss the results of our review with you at a meeting open to the public on September 11, 2008. During the meeting, we would appreciate hearing your own assessment of your performance in the areas we have evaluated.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Please refer questions and comments about our review of LES NEF performance to Deborah Seymour, who can be reached by telephone at 404-562-0556.

Sincerely,

/RA/

Anthony T. Gody, Deputy Director
Division of Construction Projects

Docket No. 70-3103
License No. SNM-2010

Enclosure: Assessment of Licensee Performance

cc w/encl: (See page 3)

cc w/encl:

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- PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE
- ADAMS: Yes ACCESSION NUMBER: ML082190774 SUNSI REVIEW COMPLETE

OFFICE	RII:DCP	RII:DCP	HQ:NMSS				
SIGNATURE	DAS	DAS for	Via e-mail				
NAME	DSeymour	CTaylor	DDorman				
DATE	8/5/08	8/5/08	8/5/08				
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

Letter to Gregory Smith from Anthony T. Gody dated August 6, 2008

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ENRICHMENT FACILITY (LES NEF), DOCKET NUMBER 70-3103

DISTRIBUTION w/encl:

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PUBLIC

**ASSESSMENT OF LICENSEE PERFORMANCE FOR
LOUISIANA ENERGY SERVICE, L.L.C., NATIONAL ENRICHMENT FACILITY (LES NEF)
ASSESSMENT PERIOD: June 23, 2006 to June 30, 2008**

The following is a summary of the performance of LES NEF in the conduct of NRC licensed activities.

PERFORMANCE AREA: MANAGEMENT MEASURES

This area is comprised of quality assurance, design controls, configuration management, procedures, audits, assessments, and records. Quality assurance includes program implementation; design and document control; control and inspection of materials, equipment and services; problem identification, resolution, and corrective action; 10 CFR Part 21 reporting; control of electronic management data; supplier and vendor inspections; and safety interfaces.

Program Areas Needing Improvement

No specific areas needing improvement were identified for management measures.

PERFORMANCE AREA: FACILITY CONSTRUCTION

This area is comprised of geotechnical/foundation activities, structural concrete, structural steel, structural supports, piping systems, nuclear welding, and mechanical, electrical, and instrument components.

Program Areas Needing Improvement

No specific areas needing improvement were identified for facility construction

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of training and qualifications of plant personnel, safeguards, security, and special topics. For this review, special topics only includes licensing activities.

Program Areas Needing Improvement

No specific areas needing improvement were identified for facility support