

BEFORE THE  
UNITED STATES NUCLEAR REGULATORY COMMISSION

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IN THE MATTER OF  
LOUISIANA ENERGY SERVICES

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APPLICATION FOR LICENSES  
UNDER THE ATOMIC ENERGY ACT OF 1954

AS AMENDED

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for the  
CLAIBORNE ENRICHMENT CENTER

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BEFORE THE  
UNITED STATES NUCLEAR REGULATORY COMMISSION

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IN THE MATTER OF  
LOUISIANA ENERGY SERVICES

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APPLICATION FOR LICENSE

Louisiana Energy Services (LES) hereby makes application, pursuant to the provisions of the Atomic Energy Act of 1954, as amended, and the Nuclear Regulatory Commission's Rules and Regulations thereunder, for the necessary licenses to construct, own, use and operate the facilities hereinafter described as an integral part of a uranium enrichment facility, to be located in Claiborne Parish, Louisiana, and to be known as the "Claiborne Enrichment Center." This includes an application for any and all necessary licenses for source, special nuclear and byproduct material as more particularly described herein.

This application consists of the following parts:

- (a) the general information required by 10 CFR 70.22(a)(1), (2), (3), (4) and 10 CFR 40.31, which is set forth herein;
- (b) the technical information and safety analysis report required by 10 CFR 70.22(a)(6), (7) and (8), which is set forth in a separate document entitled, "Louisiana Energy Services, Claiborne Enrichment Center, Safety Analysis Report," forwarded herewith and made a part hereof;
- (c) the environmental information required by 10 CFR 51, which is set forth in a separate document entitled, "Louisiana Energy Services, Claiborne Enrichment Center, Environmental Report," forwarded herewith and made a part hereof;

- (d) the physical security information required by 10 CFR 70.22(k) and 10 CFR 73.67(a), (f) and (g), which is set forth in a separate document entitled, "Louisiana Energy Services, Claiborne Enrichment Center, Physical Security Plan," forwarded herewith and made a part hereof to be withheld from public disclosure in accordance with 10 CFR 2.790(d)(1);
- (e) a full description of the program for control and accounting for special nuclear material required by 10 CFR 70.22(b), which is provided in Exhibit II;
- (f) the emergency planning information required by 10 CFR 70.22(i) and 10 CFR 40.31(j), which is set forth in a separate document entitled, "Louisiana Energy Services, Claiborne Enrichment Center, Emergency Plan," forwarded herewith and made a part hereof; and
- (g) the physical security information required for the protection of classified matter and information required by 10 CFR 95, which is set forth in a separate document entitled "Louisiana Energy Services, Claiborne Enrichment Center, Security Plan for the Protection of Classified Matter and Information," forwarded herewith and made a part hereof to be withheld from public disclosure in accordance with 10 CFR 2.790(d)(1).

## GENERAL INFORMATION

a. Name of Applicant

Louisiana Energy Services, L.P.

b. Address of Applicant

600 New Hampshire Ave., N.W., Suite 404  
Washington, D.C. 20037

c. Description of Business or Occupation of Applicant

Applicant is engaged in the production and selling of uranium enrichment services to electric utilities for the purpose of generating electricity.

d. Organization and Management of Applicant

Louisiana Energy Services, L.P. ("LES") is a Delaware limited partnership. It has been formed to provide uranium enrichment services for commercial nuclear power plants. That is its only business. LES has no subsidiaries or divisions. The general partners are as follows:

- Urenco Investments, Inc. (a Delaware corporation and wholly-owned subsidiary of Urenco, Ltd., a corporation formed under the laws of the United Kingdom ("Urenco") and owned in equal shares by British Nuclear Fuels plc, a public limited company formed under English law ("BNFL"), Ultra-Centrifuge Netherlands NV, a Netherlands corporation ("UCN"), and Uranit GmbH, a corporation formed under the laws of the Federal Republic of Germany ("Uranit"); BNFL is wholly-owned by the Government of the United Kingdom; UCN is 99% owned by the Government of the Netherlands, with the remaining 1% owned collectively by the Royal Dutch Shell Group, the Dutch State Mines, Philips Gloeilampenfabrieken N.V. and VMF-STORK; Uranit is owned by PreussenElektra AG (37.5%), RWE AG (37.5%) and Hoechst AG (25%), all of which are corporations formed under laws of the Federal Republic of Germany);

- Claiborne Fuels L.P. (a Delaware limited partnership of which Claiborne Fuels, Inc., a California corporation and wholly-owned subsidiary of Fluor Daniel, Inc. ("FDI"), is the sole general partner; FDI is a California corporation and wholly-owned subsidiary of Fluor Corporation, a publicly-held Delaware corporation);
- Claiborne Energy Services, Inc. (a Louisiana corporation and wholly-owned subsidiary of Duke Power Company, a publicly-held North Carolina corporation); and
- Graystone Corporation (a Minnesota corporation ["Graystone"] a wholly-owned subsidiary of Northern States Power Company, a publicly-held Minnesota corporation).

The limited partners are presently as follows:

- Louisiana Power & Light Company (a Louisiana corporation and wholly-owned subsidiary of Entergy Corporation, a publicly-held Florida corporation and a public utility holding company);
- BNFL Enrichment (Investments US) Ltd. (a corporation formed under English law and a wholly-owned subsidiary of BNFL);
- GNV Gesellschaft fuer nukleare Verfahrenstechnik mbH (a corporation formed under the laws of the Federal Republic of Germany and a wholly-owned subsidiary of Uranit);
- UCN Deelnemingen B.V. (a Netherlands corporation and wholly-owned subsidiary of UCN);
- Claiborne Energy Services, Inc. (see above);
- Le Paz Incorporated (a Minnesota corporation and wholly-owned subsidiary of Graystone); and
- Micogen Limited III, Inc. (a California corporation and wholly-owned subsidiary of FDI).

Louisiana Energy Services is seeking an order under which the NRC would consent to the addition of additional limited partners or the assignment of limited partnership interest so long as such interests do not involve the present right to possession or the right to control licensed activities.

The LES Partnership Agreement currently provides that on all matters in which National Security Issues are involved Urenco Investments, Inc., shall have no more than 20 votes which is 20 percent of the possible votes. The remaining votes are allocated among the other general partners in accordance with the respective general partners' interests.

Listed below are the names of the responsible official(s) of each LES general partner:

General Partners

Tom Merrick  
President citizenship: United States  
Claiborne Fuels L.P.  
c/o Claiborne Fuels, Inc.  
(General Partner)

Peter Jelinek  
President citizenship: Austria  
Urenco Investments, Inc.

Richard Priory  
President citizenship: United States  
Claiborne Energy Services, Inc.

Roland Jensen  
President citizenship: United States  
Graystone Corporation

Louisiana Energy Services

The President of LES is W. Howard Arnold, a citizen of the United States. LES' principal location for business is currently Washington, D.C. The facility will be located in Claiborne Parish, Louisiana.

e. Period of license applied for and use to which facilities will be put

The license is requested for a period of thirty years. Applicant further requests such additional source, byproduct and special nuclear material licenses as may be necessary or appropriate to the acquisition, construction, possession and operation of the licensed facility.

The license is requested for possession of 376 million pounds of source material (UF6) and 5 million pounds of special nuclear material (UF6).

The facility will be used to produce uranium enriched in the U-235 isotope up to and including 5.000% by weight.

The facility, when at full capacity, will nominally produce 1,500,000 kilograms of separative work (SWU) per year. The maximum gross output of the facility is greater than 1,500,000 kilograms SWU in order to allow for centrifuge failures or adventitious production losses over the life of the facility.

f. Estimated Cost of the Facility

Applicant estimates the total cost of the Claiborne Enrichment Center to be approximately \$800 million (in \$1990), exclusive of financing costs.

LES intends to fund construction of the facility through a combination of debt and equity financing. LES expects to raise equity for construction from existing general or limited partners or both, and possibly from additional limited partners. LES anticipates that approximately 70-80% of construction financing will come from debt.

g. Site Location and Completion Date

The Claiborne Enrichment Center is located in Claiborne Parish, Louisiana, approximately 5 miles northeast of Homer, Louisiana, near the intersection of Louisiana State Route #9 and Claiborne Parish Road #39.

The projected startup date for the facility is September 1995, when one plant unit will be ready for operation. There are three plant units at the facility. Following installation and testing of feed, take-off, necessary support systems and at least one cascade in one plant unit, enrichment shall commence. Within the operating plant unit additional cascades will be installed, tested and commence enrichment successively without any interruption of cascades already operating. The remaining plant units will be successively installed, tested and operated in the same manner, with the facility expected to reach full capacity in December 1997.

h. Restricted Data

Access to restricted data or national security information shall be controlled in accordance with 10 CFR Parts 10, 25 and 95. This application does contain classified information and has been submitted under separate correspondence.

i. Decommissioning

Information indicating how reasonable assurance will be provided that funds will be available to decommission the facility as required by 10 CFR 70.22(a)(9), 10 CFR 70.25, and 10 CFR 40.36 is attached hereto as Exhibit I.

j. Insurance

LES shall, prior to and throughout operation, have and maintain nuclear liability insurance in the amount of \$120 million to cover liability claims arising out of any occurrence within the United States, causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of chemical compounds containing source or special nuclear material.



The amounts of nuclear energy liability insurance required may be furnished and maintained in the form of:

- (1) An effective facility form (non-indemnified facility) policy of nuclear energy liability insurance from American Nuclear Insurers and/or Mutual Atomic Energy Liability underwriters; or
- (2) Such other type of nuclear energy liability insurance as the Commission may approve; or
- (3) A combination of the foregoing.

This amount of insurance was chosen by considering the mean of the policy limits that other facilities that handle large quantities of uranium hexafluoride (UF<sub>6</sub>), maintain for nuclear energy liability coverage, and the accident analyses that were performed for the Claiborne Enrichment Center (CEC). These analyses, which are detailed in Section 9.2 of the Safety Analysis Report, demonstrate that risk to offsite persons or property from the CEC is extremely low. An event that could cause damage to offsite persons or property is highly unlikely. Urenco has not had an accident nor a significant release from any of its facilities, whose design are very similar to the CEC design, in over 33 years of combined facility operation. Furthermore, even in the worst case scenario, the exposures that might result off site, using conservative assumptions for building confinement and the chemical reactions which result from UF<sub>6</sub> reacting with water, are below those established in NUREG-1391, "Chemical Toxicity of Uranium Hexafluoride Related to Radiation Doses" (draft April 1990). NUREG-1391 provides design and siting guidance for facilities which handle UF<sub>6</sub>. Accordingly, the amount of insurance proposed should be more than ample, considering the very small likelihood as well as extent of potential offsite damages from either radiological or chemical hazards associated with accidents involving UF<sub>6</sub>.

k. Communications

It is requested that all communications pertaining to this application be sent to:

W. Howard Arnold  
President  
Louisiana Energy Services  
600 New Hampshire Ave., N.W., Suite 404  
Washington, D.C. 20037

In addition, it is requested a copy of each communication be sent to:

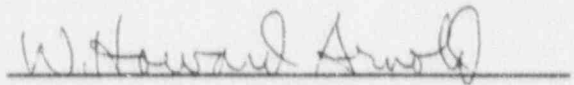
Peter G. LeRoy  
Licensing Manager  
Louisiana Energy Services  
c/o Duke Engineering & Services, Inc.  
Post Office Box 1004  
Charlotte, NC 28201-1004

J. Michael McGarry, III (Counsel for Applicant)  
Winston & Strawn  
1400 L Street, N.W.  
Washington, D.C. 20005

Washington, D.C.

AFFIRMATION

I, W. Howard Arnold, state that I am President of Louisiana Energy Services, L.P.; that I am authorized on the part of said Company to sign and file with the Nuclear Regulatory Commission this application and exhibits attached thereto; that I have read all of the statements contained in such application and the exhibits attached thereto and made a part thereof; and that all such statements made and matters set forth therein are true and correct to the best of my knowledge, information and belief.

A handwritten signature in cursive script, reading "W. Howard Arnold", is written over a horizontal line.

W. Howard Arnold

IN WITNESS WHEREOF, Louisiana Energy Services has caused its name to be hereunto signed by W. Howard Arnold, its President, and its corporate seal to be hereto affixed by Joseph DiStefano, its Secretary, this 29 day of JANUARY, 1991.

LOUISIANA ENERGY SERVICES

By W. Howard Arnold  
President

Attest:

Joseph DiStefano  
Secretary

(Seal)

EXHIBIT I  
TO APPLICATION OF  
LOUISIANA ENERGY SERVICES  
Decommissioning Funding Plan

LOUISIANA ENERGY SERVICES  
CLAIBORNE ENRICHMENT CENTER

DECOMMISSIONING FUNDING PLAN

Introduction:

Louisiana Energy Services ("Applicant") hereby submits, pursuant to the provisions of the Atomic Energy Act of 1954, as amended, and the Rules and Regulations of the Nuclear Regulatory Commission, its Decommissioning Funding Plan for the Claiborne Enrichment Center. This Decommissioning Funding Plan ("Plan") sets forth that information required by 10 CFR Parts 40 and 70 regarding the Applicant's plans for funding the ultimate decommissioning of the Claiborne Enrichment Center.

As indicated below, Louisiana Energy Services presently intends to provide for decommissioning funding through an external trust, coupled with a surety bond, in accordance with applicable requirements of 10 CFR Parts 40 and 70. Appropriate model documentation for this funding method is attached hereto. Upon execution of the funding instruments, Louisiana Energy Services will supplement this portion of its application.

General Information:

**Facility Description:** Louisiana Energy Services, a Delaware limited partnership, was formed to provide uranium enrichment services for commercial nuclear power plants for the purpose of generating electricity. These services are proposed to be provided at a facility to be known as the "Claiborne Enrichment Center," located in Claiborne Parish, Louisiana.

**Licensed Material:** The Application for the Claiborne Enrichment Center seeks authorization to operate that facility to produce enriched uranium in the U-235 isotope up to a nominal 5.000% enrichment. The facility, when at full capacity, will nominally produce 1,500,000 kilograms of separative work (SWU) per year. The unsealed uranium source material, and the unsealed special nuclear material, will contain uranium isotopes in amounts which exceed  $10^5$  times the applicable quantities set

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1/ Details regarding the planned operations of the Claiborne Enrichment Center may be found in the Application for Licenses, and the accompanying Safety Analysis Report and Environmental Report.

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forth in Appendix C to 10 CFR Part 20. Accordingly, pursuant to 10 CFR §§40.36(a) and 70.25(a), a Decommissioning Funding Plan is required.

**Schedule:** The projected completion date for the Claiborne Enrichment Center is September 1995. The facility is expected to reach full capacity in December 1997.

**Period of Operation:** The Application for Operation seeks authorization to operate for a period of thirty years.

**Decommissioning Costs:** Louisiana Energy Services has prepared a site-specific decommissioning cost estimate for the ultimate decommissioning of the Claiborne Enrichment Facility. This cost estimate utilizes current information regarding the activities and associated costs of decommissioning. Louisiana Energy Services has utilized both existing engineering expertise, and actual decommissioning experience, from similar facilities decommissioned by Urenco, Ltd., in Europe, to develop this cost estimate. Of course, the estimate and associated funding mechanisms will be adjusted over time, in accordance with the applicable provisions of 10 CFR Parts 40 and 70.

**Decommissioning Funding:** As set forth in this Plan, Louisiana Energy Services presently intends to utilize an external trust, coupled with a surety bond, to provide reasonable assurance of the availability of decommissioning funds when needed. This funding mechanism is intended to satisfy the provisions of 10 CFR Parts 40 and 70 with respect to decommissioning financial assurance for license applicants under these provisions.

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2/ The particular isotopes and quantities to be received and processed are described in Section 4.1 of the Safety Analysis Report.

Decommissioning Cost Estimate:

Pursuant to 10 CFR §§40.36(d) and 70.25(e), Louisiana Energy Services has evaluated the estimated costs of decommissioning the Claiborne Enrichment Center. The facility will be decommissioned such that the site and facilities may be released for unrestricted use. A summary of the estimated costs of decommissioning, arranged by principal activity, is set forth in the table below. A cost estimate is provided in Section 11.8 of the Louisiana Energy Services Claiborne Enrichment Center Safety Analysis Report.<sup>3</sup> As indicated below, the total estimated cost of decommissioning the facility is \$19.9 million (\$1990).

Louisiana Energy Services' evaluation of decommissioning costs involved an evaluation of current experience by one of the general partners in the project, Urenco, Ltd., at similar facilities in Europe. Appropriate adjustments have been made to account for cost differences associated with the performance of specific activities in the United States. In addition, separate estimates for decontamination and waste disposal were developed. Costs projected for the final radiation survey were obtained from two sources: (1) NRC-sponsored study of termination surveys<sup>4</sup> and (2) an independent contractor estimate.

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- 3/ A detailed description of the activities associated with decommissioning is also set forth in Section 11.8 of the Louisiana Energy Services Claiborne Enrichment Center Safety Analysis Report.
- 4/ "Technology and Cost of Termination Surveys Associated With Decommissioning of Nuclear Facilities" NUREG-2241 (ORNL/HASRD-121), February, 1982.



SUMMARY OF DECOMMISSIONING COSTS

Activity	Estimated Cost (\$1990)
Planning and Preparation	<u>500,000</u>
Decontamination Facility Installation	<u>6,700,000</u>
System Cleaning, Decontamination and Dismantling of Radioactive Facilities	<u>16,100,000</u>
Sale, Salvage	<u>(6,500,000)</u>
Packaging, Shipping, and Disposal of Radioactive Wastes	<u>800,000</u>
Restoration of Contaminated Areas on Facility Ground	<u>1,500,000</u>
Final Radiation Survey	<u>800,000</u>
Site Stabilization, and Long-Term Surveillance	<u>N/A</u>
Total	\$19,900,000

In addition to decommissioning costs, Louisiana Energy Services also intends to provide for the projected annual costs for disposal of any remaining uranium tails (projected annual costs of \$9.5 million per year of tails production).

Finally, Louisiana Energy Services recognizes the need to adjust cost estimates and funding levels periodically, pursuant to 10 CFR §§40.36(d) and 70.25(e). These measures are described below. Louisiana Energy Services also recognizes that, pursuant to 10 CFR §§40.42(c)(2)(iii)(d) and 70.38(c)(2)(iii)(d), it must update its detailed cost estimate at the time of license termination and provide, if necessary, additional assurance of the availability of adequate funds for completion of decommissioning.

Decommissioning Funding Mechanism:

Louisiana Energy Services presently intends to utilize an external trust, coupled with a surety bond, to provide reasonable assurance of decommissioning funding, pursuant to 10 CFR §§40.36(e)(3) and 70.25(f)(3). Accordingly, Louisiana Energy Services provides with this application model documentation related to the use of the external trust/surety method of providing decommissioning financial assurance. Upon finalization of the specific funding instruments to be utilized, Louisiana Energy Services will supplement its application to include the executed documentation. Further, as indicated by the attached material, Louisiana Energy Services intends to provide continuous financial assurance from the time of initial licensing to the completion of decommissioning and termination of the license.

As noted, Louisiana Energy Services presently intends to utilize an external trust coupled with a surety bond to provide financial assurance for decommissioning. The trust will be used to collect decommissioning funds over the life of the plant. The surety bond will provide an ultimate guarantee that decommissioning costs will be paid in the event Louisiana Energy Services is unable to meet its decommissioning obligations at the time of decommissioning. A copy of a model trust agreement and a copy of a model surety bond are provided in Appendices A and B, respectively, to this Plan. Louisiana Energy Services describes below the particular attributes it presently anticipates including in the trust agreement and surety bond.

With respect to the trust, Louisiana Energy Services presently intends to provide for the following attributes. First, the trust fund will be external to Louisiana Energy Services, with fund assets derived from periodic contributions and administered by a trustee. Second, the trust will be governed by a trust agreement which will provide, among other

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- 5/ The model documentation is derived from NRC guidance (see NRC Regulatory Guide 3.66, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70 and 72" (June 1990).) Louisiana Energy Services will consider this model documentation as guidance in preparing and executing funding instruments for the Claiborne Enrichment Center. In the event Louisiana Energy Services ultimately selects another form of decommissioning funding, model documentation from Regulatory Guide 3.66 will also be used as guidance in the preparation of funding instruments.

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restrictions, for the distribution of fund assets only upon commencement of decommissioning activities. Further, the trust may retain property with face value, and the trustee may make reasonable prudent investments, with investment income accruing to the trust.

With respect to the Surety Bond, Louisiana Energy Services presently anticipates providing for the following attributes. First, the bond will be issued by a Company which is listed as a qualified surety listed in the Department of Treasury, Circular 570. Second, the bond will be written for a specified term and will be renewable automatically unless the issuer serves notice at least 90 days prior to expiration of an intent not to renew. Such notice must be served upon the NRC, the trustee of the Standby Trust, and Louisiana Energy Services. Further, in the event Louisiana Energy Services is unable to provide an acceptable replacement within 30 days of such notice, the full amount of the bond will be payable automatically, prior to expiration, without proof of forfeiture.

The Surety Bond will require that any funds paid under its terms will be deposited directly into the external trust or, if necessary or appropriate, a Standby Trust by the surety company. A copy of a model Standby Trust is provided as Appendix C to this plan.

Adjusting Decommissioning Costs and Funding:

Pursuant to 10 CFR §§40.36(d) and 70.25(e), Louisiana Energy Services will update the decommissioning cost estimate for the Claiborne Enrichment Center 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.

Louisiana Energy Services presently anticipates such updating to occur approximately every five years. A record of the updating effort and results will be retained for review (see further discussion regarding recordkeeping, 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.

Recordkeeping Plans Related to Decommissioning Funding:

Pursuant to 10 CFR §§40.36(f) and 70.25(g), Louisiana Energy Services will keep 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 contemporaneous cleanup efforts, (2) as-built drawings of structures 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.

Louisiana Energy Services will notify the NRC of material changes to the decommissioning cost estimates or associated funding mechanisms.

EXHIBIT I  
APPENDIX A

LOUISIANA ENERGY SERVICES  
CLAIBORNE ENRICHMENT CENTER

FORM OF  
EXTERNAL TRUST AGREEMENT

## TRUST AGREEMENT

This TRUST AGREEMENT, is entered into as of [date] by and between Louisiana Energy Services, a partnership, herein referred to as the "Grantor," and [name and address of a national bank or other Trustee acceptable to the U.S. Nuclear Regulatory Commission (NRC)], the "Trustee."

WHEREAS, the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 40 and 70, which regulations, applicable to the Grantor, require that a holder of, or an applicant for a materials license issued pursuant to 10 CFR Parts 40 and 70, provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a trust fund, coupled with a surety bond, to provide such financial assurance for the facilities identified herein, such surety to decline in amount with the accumulation of funds under this trust;

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number [insert license number] issued pursuant to 10 CFR Parts 40 and 70.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund (the Fund) for the accumulation of funds and payment of decommissioning costs and expenses in accordance with the requirements of the NRC. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, [to be] described in an attachment hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary of the Depositor attesting to the occurrence of the events, and in the form [to be] set forth in an attachment hereto,
- b. A certificate attesting to the following conditions:
  - (1) that decommissioning is proceeding pursuant to an NRC-approved plan.
  - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, or will reimburse depositor for amounts already so expended, and
  - (3) that the NRC has been given 30 days' prior notice of Louisiana Energy Services' intent to withdraw funds from the escrow fund.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as a duly designated successor to Grantor acceptable to the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as may be directed by the Grantor, such successor, or other duly constituted authority, from the Fund for expenditures for required activities. In addition, the Trustee shall refund to the Grantor such amounts as may remain in the Fund after required decommissioning is completed and evidence of NRC consent is provided. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.



Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single Fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the purpose of the Fund and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government; and
- (c) For a reasonable time, not to exceed 10 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust Fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by

the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary for prudent management of the Fund;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and Funds from matured and redeemed investments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claims or liability against the Trustee with respect to the matter disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor.

Section 13. Successor Trustee. Upon 90 days notice to the Grantor and NRC, the Trustee may resign; upon 90 days notice to the NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes Administration of the trust in a writing sent to the Grantor, the NRC, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and

instructions. If a duly constituted governmental authority ("Authority") having jurisdiction issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the Authority or its designee, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, or the Authority, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and the instructions from the Grantor and/or the Authority, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor and the Trustee. All amendments shall meet the relevant regulatory requirements of the NRC.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and any Authority, or by the Trustee and the Authority, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor, or the Authority, issued in accordance with the Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced accordingly to the laws of the State of [insert name of State].

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

Louisiana Energy Services (Grantor)  
[Signature of representative  
of Grantor]

[Title]

[Title]  
[Seal]

[Insert name of Trustee]  
[Signature of representative  
of Trustee]  
[Title]

ATTEST:

[Title]  
[Seal]

EXHIBIT I  
APPENDIX B

LOUISIANA ENERGY SERVICES  
CLAIBORNE ENRICHMENT CENTER

FORM OF  
SURETY BOND

PAYMENT SURETY BOND

Date bond executed: \_\_\_\_\_

Effective date: \_\_\_\_\_

Principal: Louisiana Energy Services

Type of organization: Partnership

Facility: Claiborne Enrichment Center

Amount for decommissioning activity guaranteed by this bond:  
[declining balance with accumulation in trust fund]

Surety(ies) [name(s) and business address(es)]

Type of organization: [insert "proprietorship," "joint venture,"  
"partnership" or "corporation"]

State of incorporation: \_\_\_\_\_ (if applicable)

Surety's qualification in jurisdiction where licensed facility is  
located.

Surety's bond number: \_\_\_\_\_

Total penal sum of bond: \$[declining balance]

Know all persons by these presents, That we, the Principal and Surety(ies) hereto, are firmly bound to the [external trust or standby trust] and to the U.S. Nuclear Regulatory Commission (hereinafter NRC), as their interests may appear, in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has

promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations, Parts 40 and 70, applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the external trust fund or standby trust satisfying NRC requirements for decommissioning funding, in the amount identified above (adjusted as described below) for the facility;

Or, if the Principal shall fund the standby trust fund, or other external trust fund satisfying NRC requirements for decommissioning funding, in such amount after an order to begin facility decommissioning is issued by the NRC or U.S. District Court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC;

Then this obligation shall be null and void as to the amount of alternate decommissioning funding provided; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the facility into the external trust fund or standby trust fund as directed by the NRC.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall



become effective until the Surety receives written authorization for termination of the bond from the NRC.

The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and a decrease in the penal sum may take place only to the extent the Principal has accumulated an offsetting amount in a decommissioning trust fund.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal

[Signature(s)]

[Name(s)]

[Title(s)]

[Corporate seal]

Corporate Surety(ies)

[Name and Address]

State of incorporation: \_\_\_\_\_

Liability Limit: \$ \_\_\_\_\_

[Signature(s)]

[Name(s) and title(s)]

[Corporate seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]

Bond premium: \$ \_\_\_\_\_

EXHIBIT I  
APPENDIX C

LOUISIANA ENERGY SERVICES  
CLAIBORNE ENRICHMENT CENTER

FORM OF  
STANDBY TRUST AGREEMENT

## STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of [date] by and between Louisiana Energy Services, a partnership, herein referred to as the "Grantor," and [name and address of a national bank or other Trustee acceptable to the U.S. Nuclear Regulatory Commission (NRC)], the "Trustee."

WHEREAS, the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 40 and 70. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 40 or 70 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a surety bond to provide financial assurance for the facilities identified herein; and

WHEREAS, the Grantor has established an external trust fund in which it will make regular contributions to accumulate funds for decommissioning, which trust fund balance will be used to offset the initial surety amount, as described in that surety agreement; and

WHEREAS, when payment is made under a surety bond this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number [insert license number] issued

pursuant to 10 CFR Parts 40 and 70, [to be] shown in an attachment hereto.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the accumulation of funds and payment of decommissioning costs and expenses in accordance with the requirements of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, [to be] described in an attachment hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary of the Depositor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and
- b. A certificate attesting to the following conditions;
  - (1) that decommissioning is proceeding pursuant to an NRC-approved plan.
  - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, or will reimburse depositor for amounts already so expended, and
  - (3) that the NRC has been given 30 days' prior notice of Louisiana Energy Services' intent to withdraw funds from the escrow fund.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as a duly designated successor to Grantor acceptable to the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as may be directed by the Grantor, its successor, or other duly constituted authority, from the Fund for expenditures for required activities. In addition, the Trustee shall refund to the Grantor such amounts as may remain in the Fund after required decommissioning is completed and evidence of NRC consent is provided. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the purpose of the Fund and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and which like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 90a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal Government, and in obligations of the Federal Government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard and Poors or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 10 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-2 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the Administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the grantor, and all other proper charges and disbursements of the Trustee shall be paid from the fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any security in the fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC, or State agency, shall constitute a conclusively binding assent by the Grantor, barring the grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any questions arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon the writing with the grantor.

Section 13. Successor Trustee. Upon 90 days notice to the Grantor and NRC the Trustee may resign; upon 90 days notice to the NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trust shall have the same powers and duties as those conferred upon the Trustee hereunder.

Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the NRC or State agency, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If a duly constituted governmental authority ("Authority") having jurisdiction issues orders, requests, or instructions to the Trustee, these shall be in writing, signed by the Authority, or its designee, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, or the Authority, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instruction from the Grantor and/or the Authority, except as provided for herein.

Section 15. Amendment of Agreement. The Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or State agency, or by the Trustee and the NRC or State Agency, if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and any Authority or by the Trustee and the Authority, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this



trust, or in carrying out any directions by the Grantor, or the Authority, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of [insert name of State].

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

Grantor]

[Insert name of licensee (Grantor)]  
[Signature of representative of

[Title]

[Title]

[Seal]

Trustee]

[Insert name of Trustee]  
[Signature of representative of

[Title]

ATTEST:

[Title]

[Seal]

ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_

To Wit: \_\_\_\_\_

CITY OF \_\_\_\_\_

On this \_\_\_\_ day of \_\_\_\_\_, before me, a notary public in and for the city and State aforesaid, personally appeared \_\_\_\_\_, and she/he did depose and say that she/he is the [title], of [ \_\_\_\_\_ ], national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

\_\_\_\_\_  
[Signature of notary  
public]

My Commission Expires: \_\_\_\_\_  
[Date]

EXHIBIT II  
TO APPLICATION OF  
LOUISIANA ENERGY SERVICES

Description of Program for Control and  
Accounting of Special Nuclear Material

DESCRIPTION OF PROGRAM FOR CONTROL AND  
ACCOUNTING OF SPECIAL NUCLEAR MATERIAL

In accordance with 10 CFR 70.22(b), 10 CFR 74.31 and proposed 10 CFR 74.33 [55 Fed. Reg. 51726 (1990)], Louisiana Energy Services shall implement and maintain a Nuclear Regulatory Commission-approved material control and accounting (MC&A) system that shall achieve the following objectives:

- (1) Maintain accurate, current, and reliable knowledge of source material and special nuclear material;
- (2) Protect against and detect any production of uranium enriched greater than authorized levels and in all cases to 10 percent or more in the isotope U-235;
- (3) Protect against and detect unauthorized production of uranium of low strategic significance;
- (4) Resolve indications of missing uranium;
- (5) Resolve indications of any production of uranium enriched to 10 percent or more in the isotope U-235; and
- (6) Resolve indications of unauthorized production of uranium of low strategic significance.

In order to meet the objectives, LES shall establish, document and maintain:

- (1) A management structure that ensures clear overall responsibility for MC&A functions, independence from production responsibilities, separation of key responsibilities, and use of approved material control and accounting procedures and periodic review of those procedures;
- (2) A measurement program that ensures all quantities of source material and special nuclear material in the accounting records are based on accurately measured values;

EXHIBIT II - PAGE 2  
TO APPLICATION OF  
LOUISIANA ENERGY SERVICES

- (3) A measurement control program that ensures that measurement bias is estimated and minimized through the measurement control program, and any significant biases are eliminated from inventory difference values of record; all MC&A measurement systems are controlled so that twice the standard error of the inventory difference is less than the greater of 5,000 grams of U-235 or 0.25 percent of the active inventory for each total plant material balance, and any measurements performed under contract are controlled so that LES can satisfy these requirements.
- (4) An inventory program that ensures that accurate, current, and reliable knowledge of source and special nuclear material is maintained including performance of a dynamic (nonshutdown) physical inventory of in-process uranium and U-235 at least every 65 days, and performing a static physical inventory of all other uranium and total U235 contained in natural, depleted, and enriched uranium located outside of the enrichment processing equipment at least every 370 calendar days, with static physical inventories (nonshutdown) being conducted in conjunction with a dynamic inventory of in-process uranium and U235 so as to provide a total plant material balance at least every 370 calendar days; and reconciliation and adjustment of the book inventory to the results of the static physical inventory or reporting an inability to resolve any inventory difference that is rejected by a statistical test which has a 90 percent power of detecting a discrepancy of a quantity of U-235 established by NRC on a site-specific basis within 60 days after the start of each static physical inventory.
- (5) A detection program, independent of production, that provides high assurance of detection of any production of uranium enriched more than 5 percent in the U-235 isotope in any product stream, and unauthorized production of uranium of low strategic significance.
- (6) An item control program that ensures that current knowledge is maintained of items that exist for 14 or more calendar days with respect to identity, uranium and U-235 content and stored location, and that ensures that items are stored and handled, or subsequently measured in a manner so that the amount of U-235 involved in any unauthorized removal of items or uranium from items greater than 500 grams shall be detected. Exempted are LES-identified items each containing less than 500 grams U-235 up to a cumulative total of 50 kilograms of U-235.

EXHIBIT II - PAGE 3  
TO APPLICATION OF  
LOUISIANA ENERGY SERVICES

- (7) A resolution program that ensures that any shipper-receiver differences are resolved that are statistically significant and exceed 500 grams U-235 on an individual batch basis and a total shipment basis for all source material and special nuclear material.
- (8) An assessment program that independently assesses the effectiveness of the MC&A system at least every 24 months, documents the results of the above assessment, documents management's findings on whether the MC&A system is currently effective, and documents any actions taken on the recommendations from prior assessments.
- (9) Records documenting the performance and effectiveness of the MC&A system in an auditable form, available for Commission inspection for at least 3 years. These records shall be protected to prevent tampering and loss.