DUKE COGEMA
STONE & WEBSTER

28 February 2001
DCS-NRC-000037

Mr. William F. Kane, Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, Maryland 20852-2738

Attention: Document Control Desk

Subject: Docket Number 070-03098
Duke Cogema Stone & Webster
Mixed Oxide (MOX) Fuel Fabrication Facility
Proprietary DCS Financial Statement

Dear Mr. Kane:

A financial statement for the fiscal year 1999 is submitted herein as part of the Mixed Oxide (MOX) Fuel Fabrication Facility Construction Authorization Request (CAR) transmitted under separate cover. The financial statement is discussed in Chapter 2 of the CAR and is the privileged financial information of Duke Cogema Stone & Webster (DCS), LLC. DCS requests that it be withheld from public disclosure pursuant to 10 CFR 2.790(b).

Enclosure (1) provides the affidavit attesting to the privileged financial information nature of the statement. Enclosure (2) is a redacted, non-proprietary version of the information, which may be disclosed to the public; the proprietary information has been removed from the redacted copy. Twenty-five copies of Enclosure (2) are provided. Enclosure (3) is the proprietary version of the financial statement, which should be withheld from public disclosure; the proprietary information is denoted by brackets. Two copies of Enclosure (3) are provided.

If I can provide any additional information, please feel free to contact me (704) 373-7811 or Mr. Peter S. Hastings, MFFF Licensing Manager, at (704) 373-7820.

Sincerely,

Robert H. Ihde

Robert H. Ihde
President & CEO

PO Box 31847
Charlotte, NC 28231-1847

400 South Tryon Street, WC-32G
Charlotte, NC 28202

NMSS01Prop

Enclosures: (1) AFFIDAVIT PURSUANT TO 10 CFR 2.790(b)(1)
(2) Non-Proprietary DCS Financial Statement
(3) Proprietary DCS Financial Statement

xc (without enclosures):

Marc Arslan, DCS
Mary L. Birch, DCS
Timothy S. Barr, USDOE/CH
Edward J. Brabazon, DCS
R. James Brackett, DCS
Sterling M. Franks, III, USDOE/SR
Lionel Gaiffe, DCS
Joseph G. Giitter, USNRC/HQ
Peter S. Hastings, DCS
James V. Johnson, USDOE/MD
Eric J. Leeds, USNRC/HQ
John E. Matheson, DCS
Toney A. Mathews, DCS
Edward J. McAlpine, USNRC/RII
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Robert C. Pierson, USNRC/HQ
Patrick T. Rhoads, USDOE/HQ
Luis A. Reyes, USNRC/RII
Jon H. Thompson, USDOE/HQ
Michael F. Weber, USNRC/HQ
PRA/EDMS: Corresp\Outgoing\NRC\Licensing\DCS-NRC-000037

Enclosure (1)

AFFIDAVIT PURSUANT TO 10 CFR 2.790(b)(1)

1. I am President and Chief Executive Officer of Duke Cogema Stone and Webster, LLC, ("DCS") and have the responsibility for reviewing information sought to be withheld from public disclosure in connection with design and licensing of the Mixed Oxide Fuel Fabrication Facility (the "MFFF"); I am authorized on behalf of DCS to apply for this withholding.

2. I am making this affidavit in conformance with the provisions of 10 CFR 2.790 of the regulations of the U.S. Nuclear Regulatory Commission (NRC) and in conjunction with DCS' application for withholding, which this affidavit accompanies.

3. I have knowledge of the criteria used by DCS in designating information as proprietary or confidential.

4. Pursuant to the provisions of paragraph (b)(4) of 10 CFR 2.790, the following is furnished for consideration by the NRC in determining whether the information sought to be withheld from public disclosure should be withheld:

   (i) The information sought to be withheld from public disclosure is owned by DCS, its partners, and/or affiliates, and has been held in confidence by the same.

   (ii) The information is of a type that would customarily be held in confidence by DCS, its partners, and/or affiliates. The information includes financial information that provides a competitive advantage to DCS, its partners, and/or affiliates.

   (iii) The information sought to be considered as privileged is not available in public to the best of our knowledge and belief.

   (iv) The proprietary information sought to be withheld in this application is that which is marked in the proprietary version of the enclosure to the accompanying DCS letter, and omitted from the non-proprietary version. This information describes DCS' financial statement for fiscal year 1999.

AFFIDAVIT PURSUANT TO 10 CFR 2.790(b)(1) (continued)

(v) The proprietary information sought to be withheld from public disclosure has substantial commercial value to DCS, its partners, and/or affiliates:

(a) It discusses elements of cost which is controlled as commercially proprietary by DCS, its partners, and/or affiliates, and details of which are currently protected commercially from disclosure to competitors of DCS' partners and/or affiliates.

R. H. Ihde, being duly sworn, states that he is the person who subscribed his name to the foregoing statement, and that all the matters and facts set forth within are true and correct to the best of his knowledge.

Robert H. Ihde

R. H. Ihde, President and CEO

Subscribed and sworn to before me this 28th day of February, 2001

Notary Public

My Commission expires:

My Commission Expires Nov. 25, 2001

SEAL

Enclosure (2)

Non-Proprietary DCS Financial Statement

25 copies enclosed

Enclosure (3)

Proprietary DCS Financial Statement

2 copies enclosed

Deloitte & Touche

Duke COGEMA Stone & Webster, LLC

Independent Accountants' Review Report

Financial Statements
For the Period from March 22, 1999 (Date of Inception) to December 31, 1999

Deloitte & Touche LLP
1100 Carillon
227 West Trade Street
Charlotte, North Carolina 28202-1675

Tel: (704) 372 3560
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Deloitte & Touche

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Duke COGEMA Stone & Webster, LLC:

We have reviewed the accompanying balance sheet of Duke COGEMA Stone & Webster, LLC (the "Company") as of December 31, 1999, and the related statements of income, members' equity and cash flows for the period from March 22, 1999 (date of inception) to December 31, 1999, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Company.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

August 4, 2000

Deloitte
Touche
Tohmatsu

DUKE COGEMA STONE & WEBSTER, LLC

BALANCE SHEET
DECEMBER 31, 1999

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note 1)	$
Accounts receivable (Note 1)	
Due from affiliates (Note 2)	
Costs and estimated earnings in excess of billings (Note 1)	
Total current assets	
TOTAL ASSETS	$
LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES - Accounts payable:	
Subcontractors	$
Members (Note 2)	
Total current liabilities	
COMMITMENTS AND CONTINGENCIES (Note 4)	
MEMBERS' EQUITY (Note 3)	
TOTAL LIABILITIES AND MEMBERS' EQUITY	$

See notes to financial statements.

DUKE COGEMA STONE & WEBSTER, LLC

STATEMENT OF INCOME
PERIOD FROM MARCH 22, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999

REVENUES (Note 1)	$
COST OF REVENUES, INCLUDING GENERAL AND ADMINISTRATIVE EXPENSES (Note 1)	
GROSS PROFIT	
NONREIMBURSABLE COSTS	
INCOME FROM OPERATIONS	
INTEREST INCOME	
NET INCOME	$

See notes to financial statements.

DUKE COGEMA STONE & WEBSTER, LLC

STATEMENT OF MEMBERS' EQUITY
PERIOD FROM MARCH 22, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999

	Duke Engineering & Services, Inc.	COGEMA, Inc.	Stone & Webster Engineering Corporation	Total Partners' Equity
MEMBERS' EQUITY, MARCH 22, 1999	$	$	$	$
Capital contributions by members				
Distributions paid to members				
Net income, period from March 22, 1999 to December 31, 1999				
MEMBERS' EQUITY, DECEMBER 31, 1999	$	$	$	$

See notes to financial statements.

DUKE COGEMA STONE & WEBSTER, LLC

STATEMENT OF CASH FLOWS
PERIOD FROM MARCH 22, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$
Adjustments to reconcile net income to net cash used in operating activities - increase (decrease) in cash flows from changes operating assets and liabilities:	
Accounts receivable	
Costs and estimated earnings in excess of billings	
Due from affiliates	
Accounts payable	
Net cash used in operating activities	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Capital contributions by Members	
Distributions paid to Members	
Net cash provided by financing activities	
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS:	
Beginning of period	
End of period	$

See notes to financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Duke COGEMA Stone & Webster, LLC ("DCS" or the "Company") is a limited liability company formed by Duke Engineering & Services, Inc. ("DE&S"), COGEMA, Inc. ("COGEMA") and Stone & Webster Engineering Corporation ("S&W") (DE&S, COGEMA and S&W are hereinafter collectively referred to as the "Members"). The Company performs duties and obligations under a contract with the United States Department of Energy including the design, construction, operation, and deactivation of a Mixed Oxide Fuel Fabrication Facility and provides necessary reactor irradiation services to utilize Mixed Oxide ("MOX") Fuel in commercial nuclear reactors. The members have unconditionally guaranteed performance of the obligations under this contract.

The contract consists of a base contract with options and is a cost-plus-fixed-fee effort spanning three to five years. Options under the contract would permit the government to extend the agreement through construction, operation of the fuel fabrication facility and use of the mixed oxide fuel in commercial reactors, and eventual deactivation of the fuel fabrication facility. DCS will also be responsible for obtaining from the Nuclear Regulatory Commission ("NRC") licenses to operate the fuel fabrication facility and to load MOX fuel in four existing U.S. commercial reactors.

Profits and losses realized by the Company are divided among the Members in accordance with the following percentages:

	Percentage
DE&S	40%
COGEMA	30%
S&W	30%
Total	100%

The Company has no direct employees. All services provided to the United States Department of Energy are performed by the Members or third parties hired by DCS. At December 31, 1999, the Company had a subcontract with Nuclear Fuel Services and had additional subcontracts pending with Virginia Power Company, Duke Power Company and Framatone Cogema Fuels. Both Duke Power Company and Framatone Cogema Fuels are affiliated parties. The performances of the services provided by third parties is essential to the Company's performance under the United States Department of Energy's contract.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and on deposit.

Accounts Receivable - Accounts receivable are shown at their gross amount. Management does not believe an allowance for doubtful accounts is necessary due to the payment history and contractual relationship with the United States Department of Energy.

Revenue Recognition - The Company's contract with the United States Department of Energy is a cost-plus-fixed-fee contract. Revenue is recognized based on cost incurred currently plus a pro-rata portion of the fee. Provisions for estimated losses on uncompleted contracts, if any, are made in the period in which such losses are determined. Unanticipated changes in job performance, job conditions and estimated profitability, including unallowable costs, may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Cost of revenues includes direct materials, labor, and benefits, subcontract costs, and other direct costs and certain indirect costs related to contract performance.

Revenues recognized on the contract in progress in excess of amounts billed are classified as current assets under "Costs and estimated earnings in excess of billings".

Operating Cycle - Assets and liabilities related to the long-term contract are included in current assets and current liabilities in the accompanying consolidated balance sheet, as they will be liquidated in the normal course of contract completion, although contract completion may require more than one year.

Income Taxes - Income of the Company is included in the income tax returns of the Members. Accordingly, no provision has been made for federal or state income taxes in the financial statements.

Major Customer - The Company's only contract is with the United States Department of Energy. This contract constituted 100% of the Company's earned revenues in 1999.

Fair Value of Financial Instruments - The carrying values of accounts receivable and estimated earnings in excess of billings approximate their fair values at December 31, 1999 due to the short-term maturities of these financial instruments.

New Accounting Standard - In September 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The Company is required to adopt this standard by January 1, 2001. SFAS No. 133 requires that all derivatives be recognized as either assets or liabilities and measured at fair value, and it defines the accounting for changes in the fair value of the derivative depending on the intended use of the derivative. The Company is currently reviewing the expected impact of SFAS No. 133 on results of operations and financial position.

2. RELATED PARTY TRANSACTIONS

All labor costs and expenses of the Company are processed and paid by the Members who are reimbursed by the Company for fully burdened actual costs. During 1999, charges by DE&S, COGEMA and S&W approximated[%, % and %] respectively, of total cost of revenues.

Amounts due to the Members at December 31, 1999 are as follows:

Due to Duke Engineering & Services, Inc.	$
Due to COGEMA, Inc.	
Due to Stone & Webster Engineering Corporation	
Total due to Members	$

Amounts due from affiliates represent cash held by a DE&S affiliate on behalf of the Company and related interest income. As of December 31, 1999, the amount due from affiliates is[$.]

3. CAPITALIZATION

The Company received capital contributions from DE&S, COGEMA and S&W of[$, $ and $,]respectively, in 1999. The capital contributions were principally used to fund operations.

4. COMMITMENTS AND CONTINGENCIES

The Company is contractually liable for commitments and performance guarantees in contracts arising in the ordinary normal course of business. In the opinion of Company management, the Company will be able to fulfill all such contract commitments and performance guarantees without any material adverse effect on the Company's financial position or future results of operations.

5. SUBSEQUENT EVENTS

On January 5, 2000, the United States Department of Energy announced its Record of Decision for the Surplus Plutonium Disposition Program which includes the construction of a Mixed Oxide Fuel Fabrication Facility at the Savannah River Site. DCS can now conduct specific work at this site in Aiken, SC.

On April 14, 2000, Virginia Power Company informed the Company that it would not supply reactor irradiation services for the Mixed Oxide Fuel. On April 28, 2000, Framatone Cogema Fuel signed a cost-plus-fixed-fee subcontract with the Company to provide fuel design and qualification services. On June 12, 2000, Duke Power Company signed a cost-plus-fixed-fee subcontract with the Company to provide fuel irradiation services at the McGuire and Catawba Nuclear Stations.

On July 17, 2000, The Shaw Group, Inc. completed the acquisition of substantially all of the assets and the assumption of certain liabilities of S&W. Management does not believe that this transaction will have an adverse effect on the Company's financial position or future results of operations.

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