



DUKE COGEMA
STONE & WEBSTER

Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555

31 August 2001
DCS-NRC-000059

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

- References: (1) J. G. Giitter (NRC) letter to P. Hastings (DCS), dated June 21, 2001, "Mixed Oxide Fuel Fabrication Facility Construction Authorization - Request For Additional Information"
- (2) R. H. Ihde (DCS) letter to W. F. Kane (NRC), DCS-NRC-000038, dated 28 February 2001, "Construction Authorization Request"

Information concerning project costs and a financial statement including the fiscal year 2000 are submitted herein. This information was requested in Questions 30 and 31 of Reference 1. Project costs and the financial statement are discussed in Chapter 2 of the Mixed Oxide (MOX) Fuel Fabrication Facility Construction Authorization Request (CAR, Reference 2). This financial information is the privileged information of Duke Cogema Stone & Webster (DCS), LLC. DCS requests that this information 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 project costs and financial statement. Enclosure 2 is a redacted, non-proprietary version of the project costs, and Enclosure 3 is a redacted, non-proprietary version of the financial statement; Enclosures 2 and 3 may be disclosed to the public since the proprietary information has been removed from the redacted copies. Enclosure 4 is the proprietary version of the project costs and Enclosure 5 is the proprietary version of the financial statement; Enclosures 4 and 5 should be withheld from public disclosure; the proprietary information is denoted by brackets.

If I can provide any additional information, please feel free to contact me at (704) 373-7820.

Sincerely,

Peter S. Hastings, P.E.
Licensing Manager

NMS501Prof

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Enclosures: (1) Affidavit Pursuant to 10 CFR 2.790(b)(1)
(2) Non-Proprietary Project Costs
(3) Non-Proprietary DCS Financial Statement
(4) Proprietary Project Costs
(5) Proprietary DCS Financial Statement

Distribution:

(with all enclosures):

Andrew Persinko, USNRC/HQ
Donald J. Silverman, Esq., DCS
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(with letter and enclosures 1, 2, and 3):

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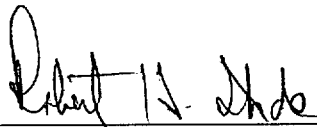
Enclosure (1)

Affidavit Pursuant to 10 CFR 2.790(b)(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 as such 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"); and am authorized on behalf of DCS to apply for this withholding.
2. I am making this affidavit in conformance with the provisions of 10CFR 2.790 of the regulations of the Nuclear Regulatory Commission (NRC) and in conjunction with DCS's 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 10CFR 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 is financial information that provides a competitive advantage to DCS, its partners, and/or affiliates.
 - (iii) The information was transmitted to the NRC in confidence and under the provisions of 10 CFR 2.790, it is to be received in confidence by the NRC.
 - (iv) The information sought to be protected is not available in public to the best of our knowledge and belief.
 - (v) The proprietary information sought to be withheld in this submittal 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' project costs and financial statement for fiscal year 2000.
 - (vi) 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, its 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.



R. H. Ihde, President and CEO

Subscribed and sworn to before me this 31 day of August, 2001


Notary Public

My Commission Expires:

My Commission Expires December 28, 2005

SEAL

Enclosure (2)

Non-Proprietary Project Costs

The table below provides a breakdown of cost estimates for the MFFF design and construction. To aid in understanding the contents of the various process areas, a list of the process equipment follows the table, and is further described in CAR Sections 11.2 and 11.3.

Cost Estimate Breakdown for Design and Construction of the MFFF
(FY01 Dollars x 1,000)

	<u>Labor MH*</u>	<u>Labor Dollars</u>	<u>Other** Dollars</u>	<u>Total Dollars</u>
MFFF Design***				
Construction:				
General Site Work				
Support Buildings				
BAP - Aqueous Process Area:				
Site Work				
Concrete				
Metals				
Architectural				
Furnishings				
Building Mechanical				
Electrical				
Instruments and Control				
AP Process Controls				
Piping				
Utilities Equipment				
AP Process Equipment:				
Dissolution				
Purification				
Conversion to PuO ₂				
AP Support Systems				
BMP - MOX Process Area:				
Site Work				
Concrete				
Metals				
Architectural				
Specialties				
Furnishings				
Building Mechanical				
Electrical				
Instruments and Control				
MP Process Controls				
Piping				
Utilities Equipment				
Laboratory				
Waste Area				
Misc. Equipment				
Receiving Area				

	<u>Labor MH*</u>	<u>Labor Dollars</u>	<u>Other** Dollars</u>	<u>Total Dollars</u>
MOX Process Equipment:				
Powder Area				
Pellet Process Area				
Fuel Rod Process Area				
Assembly Area				
BSR - Shipping & Receiving:				
Site Work				
Concrete				
Metals				
Architectural				
Furnishings				
Building Mechanical				
Electrical				
Instruments and Control				
Utilities Equipment				
Security Features				
Const. Management and Other				
Preliminary Startup				
Contingency				
Escalation				
Total Construction				
Total Design & Construction				

* MH = Manhours

** Includes Equipment, Material, Subcontracts and Miscellaneous

*** Design costs are currently under review

Aqueous Polishing Process Equipment

The Aqueous Polishing process equipment is grouped in the following four major categories. Detailed descriptions of these processes are given in Section 11.3 of the Construction Authorization Request.

Dissolution

The dissolution processes include Decanning, Dissolution, and Silver Recovery.

Purification

The purification processes include Purification, Solvent Recovery, and Acid Recovery.

Conversion to PuO₂

The conversion processes include Oxalic Precipitation and Oxidation, Homogenization, Canning, and Oxalic Mother Liquor Recovery

AP Support Systems

AP support systems include Offgas Treatment, Liquid Waste Reception, and Sampling.

MOX Process Equipment

The MOX process equipment is grouped in the following five major categories. Detailed descriptions of these processes are given in Section 11.2 of the Construction Authorization Request.

Receiving Area

The receiving area processes include UO₂ Receiving and Storage, UO₂ Drum Emptying, PuO₂ Receiving, PuO₂ 3013 Storage, and PuO₂ Buffer Storage.

Powder Area

The powder area processes include PuO₂ Container Opening and Handling, Primary Dosing, Primary Blend Ball Milling, Final Dosing, Homogenization and Pelletizing, Scrap Processing, Scrap Milling, Powder Auxiliary, and Jar Storage and Handling.

Pellet Process Area

The pellet area processes include Green Pellet Storage, Sintering, Sintered Pellet Storage, Grinding, Ground and Sorted Pellet Storage, Pellet Inspection and Sorting, Quality Control and Manual Sorting, Scrap Box Loading, Pellet Repackaging, Scrap Pellet Storage, and Pellet Handling.

Fuel Rod Process Area

The fuel rod processes include Rod Cladding and Decontamination, Rod Tray Loading, Rod Storage, Helium Leak Test, X-Ray Inspection, Rod Scanning, Rod Inspection and Sorting, and Rod Decladding.

Assembly Area

The assembly processes include Assembly Mockup Loading, Assembly Mounting, Assembly Dry Cleaning, Assembly Dimensional Inspection and Assembly Final Inspection, Assembly Handling, and Storage and Assembly Packaging.

Enclosure (3)

Non-Proprietary DCS Financial Statement

Duke COGEMA Stone & Webster, LLC

Independent Accountants' Review Report

Financial Statements

For the Year Ended December 31, 2000 and the
Period from March 22, 1999 (Date of Inception) to
December 31, 1999



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Duke COGEMA Stone & Webster, LLC:

We have reviewed the accompanying balance sheets of Duke COGEMA Stone & Webster, LLC (the "Company") as of December 31, 2000 and 1999, and the related statements of income, members' equity and cash flows for the periods from January 1, 2000 to December 31, 2000 and 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

April 6, 2001

DUKE COGEMA STONE & WEBSTER, LLC

BALANCE SHEETS DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
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 ASSETS		
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES - Accounts payable:		
Subcontractors		
Members (Note 2)		
Deferred income		
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

STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 2000 AND PERIOD FROM MARCH 22, 1999
(DATE OF INCEPTION) TO DECEMBER 31, 1999

	2000	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

STATEMENTS OF MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2000 AND PERIOD FROM MARCH 22, 1999
(DATE OF INCEPTION) TO DECEMBER 31, 1999

	Duke Engineering & Services, Inc.	COGEMA, Inc.	Stone & Webster Engineering Corporation	Total Members' 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				
Distributions to Members				
Net income, year ended December 31, 2000				
MEMBERS' EQUITY, DECEMBER 31, 2000				

See notes to financial statements.

DUKE COGEMA STONE & WEBSTER, LLC

STATEMENTS OF CASH FLOWS YEAR ENDED DECEMBER 31, 2000 AND PERIOD FROM MARCH 22, 1999 (DATE OF INCEPTION) TO DECEMBER 31, 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income		
Increase (decrease) in cash flow from changes in operating assets and liabilities:		
Accounts receivable		
Costs and estimated earnings in excess of billings		
Due from affiliates		
Accounts payable and deferred income		
Net cash provided by (used in) operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions by Members		
Distributions to Members		
Net cash (used in) 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.

DUKE COGEMA STONE & WEBSTER, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2000 AND PERIOD FROM MARCH 22, 1999
(DATE OF INCEPTION) TO DECEMBER 31, 1999

1. NATURE OF OPERATIONS AND 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, Inc. ("S&W") (DE&S, COGEMA and S&W are hereinafter collectively referred to as the "Members"). The Company performs services under a contract with the United States Department of Energy (the "DOE") 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 guaranteed unconditionally the performance of the obligations under this contract.

The contract is cost-plus-fixed-fee with a term of three years and optional extension terms of two years. Options under the contract would permit the government to extend the agreement through construction, operation of the fuel fabrication facility, use of the mixed oxide fuel in commercial reactors, and eventual deactivation of the fuel fabrication facility. Under the contract, DCS is responsible for obtaining licenses from the Nuclear Regulatory Commission ("NRC") 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	<u>30%</u>
Total	<u>100%</u>

The Company has no direct employees. All services provided to the DOE are performed by the Members or third parties. At December 31, 2000, the Company had a subcontract with Nuclear Fuel Services, Duke Power Company, and Framatone Cogema Fuels. Both Duke Power Company and Framatone Cogema Fuels are affiliated parties.

Revenue Recognition - The Company's contract with the DOE is a cost-plus-fixed-fee contract. Revenue is recognized on the basis of costs incurred during the period plus the fee earned, measured by the cost-to-cost method. Provision for any estimated loss on uncompleted contracts is made in the period in which such loss is 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, benefits, other direct costs, and certain indirect costs related to contract performance incurred by the Company's subcontractors.

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." Deferred income represents amounts billed for which the fee has not yet been earned.

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. The most significant estimate related to the financial statements is the level of fee recognized in revenue in connection with its cost-plus-fixed-fee contract with the DOE.

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

Accounts Receivable - All billed and unbilled receivables relate to the Company's contract with the DOE. 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 DOE.

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 DOE. This contract constituted 100% of the Company's revenues in 2000 and 1999. The DOE's funding associated with this project is renewed annually by the Federal government of the United States. Management believes that funding under this program will continue through 2001.

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, 2000 due to the short-term maturities of these financial instruments.

SFAS No. 133 - 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. Management believes that SFAS No. 133 will not have a material impact on the results of operations and financial position of the Company.

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 2000, charges by DE&S, COGEMA and S&W approximated respectively, of total cost of revenues. During 1999, charges by DE&S, COGEMA and S&W approximated respectively, of total cost of revenues.

Amounts due to the Members at December 31, 2000 and 1999 are as follows:

	2000	1999
Due to Duke Engineering & Services, Inc.	<input type="text"/>	<input type="text"/>
Due to COGEMA, Inc.		
Due to Stone & Webster, Inc.		
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, 2000 and 1999, the amounts due from affiliates are and respectively.

3. CAPITALIZATION

The Company received capital contributions from DE&S, COGEMA and S&W of respectively, in 1999. The capital contributions were used principally to fund operations. The Members have not provided any further capital contributions since 1999.

The Company distributed to Members in 2000 and 1999, respectively. These distributions were made to the Members in proportion to ownership percentages discussed in Note 1.

4. COMMITMENTS AND CONTINGENCIES

The Company is liable contractually for commitments and performance guarantees in contracts arising in the ordinary normal course of business. In the opinion of 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.

* * * * *