

Docket # 70-3103

From: <rod.krich@exeloncorp.com>
To: <tcj@nrc.gov>
Date: 10/31/03 11:05AM
Subject: Jim Ferland's Bio and Magwood's Testimony

Action Required:
Recommendation:

Tim,

As we discussed this morning, attached are the subject documents. Let me know if you need anything else.

Rod Krich

<<Ferland - BIO 103103.doc>> <<LES.pdf>>

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LES

Question. Mr. Magwood, the Department has previously commented on the need for new domestic enrichment capacity as a means of maintaining a reliable and economical U.S. enrichment industry. One of the ventures to accomplish this is led by the European consortium Urenco, a company with proven centrifuge technology. I know you are quite familiar with the company and their technology. Do you have any concern on your part that the efforts of Urenco to build a new facility in the U.S. would in any way pose a national security concern?

Answer. The Administration places a high priority on ensuring nuclear nonproliferation safeguards are in place and that access to sensitive technology is controlled. The information available to the Department indicates that URENCO has acted responsibly with regard to the control of sensitive technology and the employment of non-proliferation safeguards.

The Department of Energy believes that LES's plans for the deployment of centrifuge technology in the United States are of considerable national benefit. Deployment of an LES plant will help assure the important energy security objective of maintaining a reliable and economical U.S. uranium enrichment industry.

Question. Do you believe that the development of new enrichment capacity is sufficiently important to U.S. energy security objectives that the development of a

domestic facility by Urenco should therefore be encouraged and facilitated in some manner by DOE? If so, how?

Answer. The Department believes there is sufficient domestic demand to support multiple commercial uranium enrichment plant operators in the United States and that competition is important to maintain a viable, competitive domestic uranium enrichment industry for the foreseeable future. The U.S. Government has encouraged the three Allied government partners in Urenco (Great Britain, the Netherlands and Germany) to continue its plans to deploy a new commercial uranium enrichment plant in the United States.

COST OF DEPLETED TAILS DISPOSAL

Question. Pursuant to section 3113 of the 1996 USEC Privatization Act, DOE is obligated to accept depleted tails for disposal from domestic commercial enrichers, if the tails are declared low-level waste, and subject to the generator paying the cost of disposal. DOE has already agreed to accept post-privatization tails from USEC for disposal. Is this same option available for the depleted tails of any other commercial enrichment facility operating in the U.S.?

Answer. The NRC has not characterized depleted uranium tails as low-level radioactive waste, therefore Section 3113 of the Privatization Act does not obligate the Department to accept commercially generated depleted uranium tails for disposal. The Department agrees with the NRC, and would not support an initiative to declare depleted uranium tails as low-level radioactive waste. Nevertheless, in view of the Department's plan to build DUF6 disposition facilities and the critical importance the Department places on maintaining a viable domestic uranium enrichment industry, the Department acknowledges that Section 3113 may constitute a "plausible strategy" for the disposal of DUF6 from the private sector domestic uranium enrichment plant license applicants and operators.

The Department has two agreements to accept depleted uranium generated by USEC. In the first case, the government received \$50 million to accept 16,674 metric tons of depleted uranium generated by USEC during the privatization process. The second case is the June 2002 agreement between USEC and DOE. While DOE agreed to accept title (but not custody until the Department is ready to disposition) to 23,300 metric tons of depleted uranium hexafluoride as part of the agreement's consideration, USEC agreed to a range of important actions, including commitments to operate Paducah gaseous diffusion plant until replaced and to deploy advanced enrichment technology employing DOE technology.

Question. Would one or both of the two conversion facilities under construction be available on the same terms and conditions to any other commercial enricher?

Answer. No authority, procedures, or cost for such a service has been established. Were a commercial enricher to request such a service, the Department would give the request its full consideration.

Question. What do you project to be the per kilogram cost of accepting for processing and ultimate disposal depleted tails from commercial generators?

Answer. I note that Section 3113(3) of the USEC Privatization Act provides for reimbursement in an "amount equal to the Secretary's cost, including a pro rata share of any capital costs." As full costs of providing such a service have not been established, and the procedures to implement a service of processing DUF6 for ultimate disposition have not been created, it is not possible to project a meaningful cost estimate at this time. However, should a commercial company request such a service, the Department would fully consider its request.

Question. What is the per kilogram cost for the processing and disposal of the commercial tails that DOE has agreed to accept to date?

Answer. The actual marginal cost of processing and disposal of the depleted uranium hexafluoride generated by USEC has not been determined. Once the Department's conversion facilities have been built and are operational, a reasonable estimation of the marginal cost to process commercial tails can be calculated. These tails will be converted and dispositioned as part of the Department's inventories. It is expected to take 25 years to completely disposition the Department's depleted uranium stockpile. It should be noted that USEC will maintain custody of the tails the Department has agreed to accept under last year's Memorandum of Agreement until such time that they are accepted for processing.