

December 7, 2004

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Timothy C. Johnson, Project Manager /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: NOVEMBER 18, 2004, TELEPHONE SUMMARY: LOUISIANA
ENERGY SERVICES DISCUSSIONS ON DECOMMISSIONING
FUNDING PLAN

On November 18, 2004, the U.S. Nuclear Regulatory Commission (NRC) staff held a telephone conference call with staff from Louisiana Energy Services (LES) to discuss decommissioning funding plan issues related to the LES uranium enrichment plant proposed to be built in Eunice, New Mexico. I am attaching the telephone summary for your use. The summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Telephone Summary

cc:	William Szymanski/DOE	Claydean Claiborne/Jal	Rod Krich/LES
	Monty Newman/Hobbs	James Curtiss/W&S	Troy Harris/Lovington
	Peter Miner/USEC	Betty Richman/Tatum	James Ferland/LES
	Glen Hackler/Andrews	Dennis Holmberg/Lea Cty	John Parker/NMED
	James Brown/Eunice	Richard Ratliff/Texas	M. Marriotte/NIRS
	Jerry Clift/Hartsville	CO'Claire/Ohio	Lee Cheney/CNIC
	Derrith Watchman-Moore/NMED	Joseph Malherek/PC	Ron Curry/NMED
	Tannis Fox/NMED	Patricia Madrid/NMAG	Glenn Smith/NMAG
	Lindsay Lovejoy/NIRS		

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OFC	GCFLS	GCFLS	DWMEP	GCFLS	
NAME	TJohnson/os	LMarshall	TFredricks	BSmith	
DATE	11/29/04	11/30/04	12/03/04	12/07/04	

OFFICIAL RECORD COPY

Telephone Conference Call Summary

Decommissioning Funding Plan

Date and Time: 10:00 AM; November 18, 2004

Call Participants:	T. Fredricks/NRC	B. Smith/NRC
	D. Reddick/NRC	D. Fructer/NRC
	T. C. Johnson/NRC	B. Fry/ICF
	J. Mayer/ICF	C. Dean/ICF
	L. Gormsen/ICF	R. Krich/LES
	D. Green/Excel	J. Curtiss/W&S
	J. Kay/LES	A. Brown/Urenco
	N. Davies/Urenco	

On November 18, 2004, a conference call between U.S. Nuclear Regulatory Commission (NRC), ICF Consulting (ICF), and Louisiana Energy Services (LES) staffs was held to discuss decommissioning funding plan (DFP) issues related to LES' application for a uranium enrichment facility proposed to be located in Eunice, New Mexico.

Discussion:

On October 20, 2004, NRC staff transmitted a set of Requests for Additional Information (RAIs) on the LES DFP. NRC and ICF staff provided further information on these RAIs.

LES staff stated that decommissioning cost estimates for the project need to consider a large number of variables. In developing a cost estimate, LES staff evaluated available historical data from historical references, including the previous licensing case for the Homer, Louisiana, site and an extensive study prepared by Lawrence Livermore National Laboratory (LLNL). LES decided to focus its estimate on the two most recent sets of information it has, a contract between the U.S. Department of Energy (DOE) and Uranium Disposition Services (UDS) for deconversion of UF₆ at the Paducah and Portsmouth Gaseous Diffusion Plant sites, and a contract between Urenco and Cogema for deconversion of UF₆ from the Urenco plant in Almelo, The Netherlands. LES staff did not attempt to adjust the Homer and LLNL estimates for project specific conditions; it only adjusted the costs for escalation to 2002 dollars. LES staff noted that the \$5.50/kg U estimate for uranium disposition is based on the DOE and Urenco data. LES staff also noted that the cost trend is downward with time. LES staff is currently modifying the estimates to account for site-specific disposition costs (e.g., transportation costs) and for disposal of the depleted uranium as low-level radioactive waste.

LES staff indicated that the decontamination cost information is based on costs developed by Urenco and it is not always easily adaptable to the format recommended by NUREG-1757, "Consolidated NMSS Decommissioning Guidance." LES staff stated that they would provide information on the decontamination methods used and unit cost factors for these methods based on the Urenco data. LES will also provide labor rates for applicable decommissioning activities in accordance with NRC guidance document, STP-04-003, "NRC Process to Identify Decommissioning Sites with Inadequate Funding for Remediation," and the R. S. Means cost estimating handbooks.

Packing and shipping costs for wastes would be estimated at a \$75/ft³ rate that is based on an Envirocare estimate and includes \$25/ft³ for packing costs. LES staff indicated that the Envirocare price would also be used for disposal, if necessary, of other materials (e.g., contaminated soils).

For a third-party contractor, LES suggested a charge of 10 percent of the total costs for overhead, general and administrative costs (G&A), and profit, based on recommendations from the R. S. Means cost estimating handbooks. LES will also consider information from NUREG/CR-6477, "Revised Analyses of Decommissioning Reference Non-Fuel-Cycle Facilities," which apply a larger factor for contractor overhead, G&A, and profit.

LES staff indicated that data from STP-04-003 will also be used to estimate costs for removal of the earthen covers from the evaporation basins.

LES staff suggested a 10 percent contingency factor for tails disposal, based on the NRC's use of that contingency for the USEC Gaseous Diffusion Plant licensing. LES staff indicated it will attempt to develop a contractual basis (or, possibly a basis supported by pre-contractual negotiations) for a contingency lower than 25 percent. NRC staff would consider such a submission, but indicated that, in the absence of a strong justification for a lower contingency, 25 percent should be used.

LES staff stated that they would update the cost estimates to 2004 dollars using a rate of 2.1 percent per year based on Gross Domestic Product implicit price deflators. LES staff stated that its cost estimates are not dependent on foreign currency exchange rate changes and will provide an explanation in the submittal.

LES staff indicated that it will provide final radiation survey costs, including special costs to survey metal ingots from melting operations.

Draft language for a standby trust instrument will also be provided, including all applicable attachments and schedules as recommended in NUREG-1757. LES staff indicated that a draft power of attorney, for which model language is not supplied in NUREG-1757, will not be provided.