

March 30, 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 **/RA/**
Senior Mechanical Systems Engineer
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: MARCH 25, 2004, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES QUARTERLY MANAGEMENT MEETING

On March 25, 2004, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Eunice, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Meeting Summary

cc:	William Szymanski/DOE	Claydean Claiborne/Jal
	Rod Krich/Exelon	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 County	William Floyd/New Mexico
	James Brown/Eunice	Richard Ratliff/Texas
	Michael Marriotte/NIRS	Jerry Clift/Hartsville
	CO'Claire/Ohio	Lee Cheney/CNIC
	Derrith Watchman-Moore/NM	

Summary of
Louisiana Energy Services Quarterly Management Meeting

Dates: March 25, 2004

Place: U.S. Nuclear Regulatory Commission (NRC) offices
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Ms. M. Federline opened the discussion by indicating that the staff is undertaking an aggressive 18-month review schedule for the LES project. Under this schedule, LES will need to provide timely and complete responses to requests for additional information (RAIs). Mr. B. Smith indicated that NRC will attempt to accelerate the review schedule and will not issue a Draft Safety Evaluation Report for public comment to save time in the schedule. In response to a question, Mr. Smith indicated that it is more typical of fuel cycle licensing projects to not issue draft safety evaluation reports for public comment. Technical RAIs are scheduled to be issued by the end of April with a 30-day response time. Environmental RAIs are scheduled to be issued on May 7, 2004, with a 15-working-day response time. The Final Safety Evaluation Report and Final Environmental Impact Statement are scheduled to be issued on June 15, 2005.

Mr. Smith stated that the review of the application is ongoing and that NRC staff meetings with LES have been productive. These include an on-site meeting on the unclassified integrated safety analysis (ISA) and a site tour of the Almelo facility with a discussion of the classified ISA. These meetings and other interactions to discuss potential RAIs have been very useful to the staff. B. Smith indicated that NRC staff intends to give LES notice of the content of RAIs before formal transmittal so that LES will be better prepared to provide complete and timely responses.

Mr. Smith indicated that staff is discussing several issues internally. The issues include the relationship of the final design, which has not yet been completed, to the current NRC information needs and criticality safety.

Mr. Smith discussed the results of the environmental impact statement (EIS) scoping comment period. The EIS scoping comment period ended on March 18, 2004, and over 120 comments have been received. The principal issues raised are the disposition of depleted uranium, water use, contamination of groundwater supplies, transportation, and airborne effluents.

Mr. Smith stated that the deadline for receiving petitions to intervene in the project hearing is April 6, 2004. To date, NRC has received only one petition from the New Mexico Environment Department. Contentions in the petition related to disposition of depleted uranium, viability of the company, and adequacy of the radiation protection program.

Mr. Smith indicated that staff resources are available to complete the review to meet the intended schedule. To complete the review, staff from several offices are being used.

Mr. Smith then proposed that the next quarterly management meeting be held at the end of June 2004. Mr. J. Ferland, President and Chief Executive Officer of LES, agreed that quarterly management meetings would be useful and agreed to hold the next one in June 2004 or sooner if urgent issues are identified.

Mr. Ferland then discussed the information provided in Attachment 3. This information included the LES organization and the names of individuals currently selected for positions.

Mr. Ferland indicated that LES is soon going to select an architect-engineer (AE) for the project to develop the final design. It is his intent that the AE use as many skilled people local to Lea County as possible. Mr. Ferland also stated that LES staff has been working with local high schools and the junior college to develop training programs for project staff. LES will also integrate the design and operating experiences from Urenco with LES and contracts are being prepared to formalize these interactions.

Mr. Ferland also committed to responding to RAIs on the schedule NRC has set out. He intends that the responses are complete and they meet NRC's needs.

Mr. Ferland discussed project financing by saying that the current expectation is that about half the funds needed for the facility will come from the two equity partners, Urenco and Westinghouse. The remaining funds would be financed from sources outside the company. He also indicated that the Lea County Industrial Revenue Bonds are not a financing vehicle, but a mechanism for gross receipts tax and property tax abatement.

Action Items

None.

Attachments

1. Attendee list
2. Meeting agenda
3. LES presentation handouts

Louisiana Energy Services Quarterly Management Meeting
Date: March 25, 2004

NAME	AFFILIATION	PHONE	EMAIL ADDRESS
TIM JOHNSON	NRC/FCSS	301-415-7244	TCJ@NRC.GOV
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Samuel Hernandez	NRC/NMSS/DWM	301-415-4049	SHQ@NRC.GOV

**Louisiana Energy Services Quarterly Management Meeting Agenda
March 25, 2004**

- I. Introduction
- II. Opening Remarks
- III. Project Status and NRC Issues
 - 1. Schedule
 - 2. Licensing Status
 - 3. Current Issues
 - 4. Resources
 - 5. Future Management Meetings
- IV. LES Issues
- V. Public Comments and Questions
- VI. Closing

LES REVIEW SCHEDULE

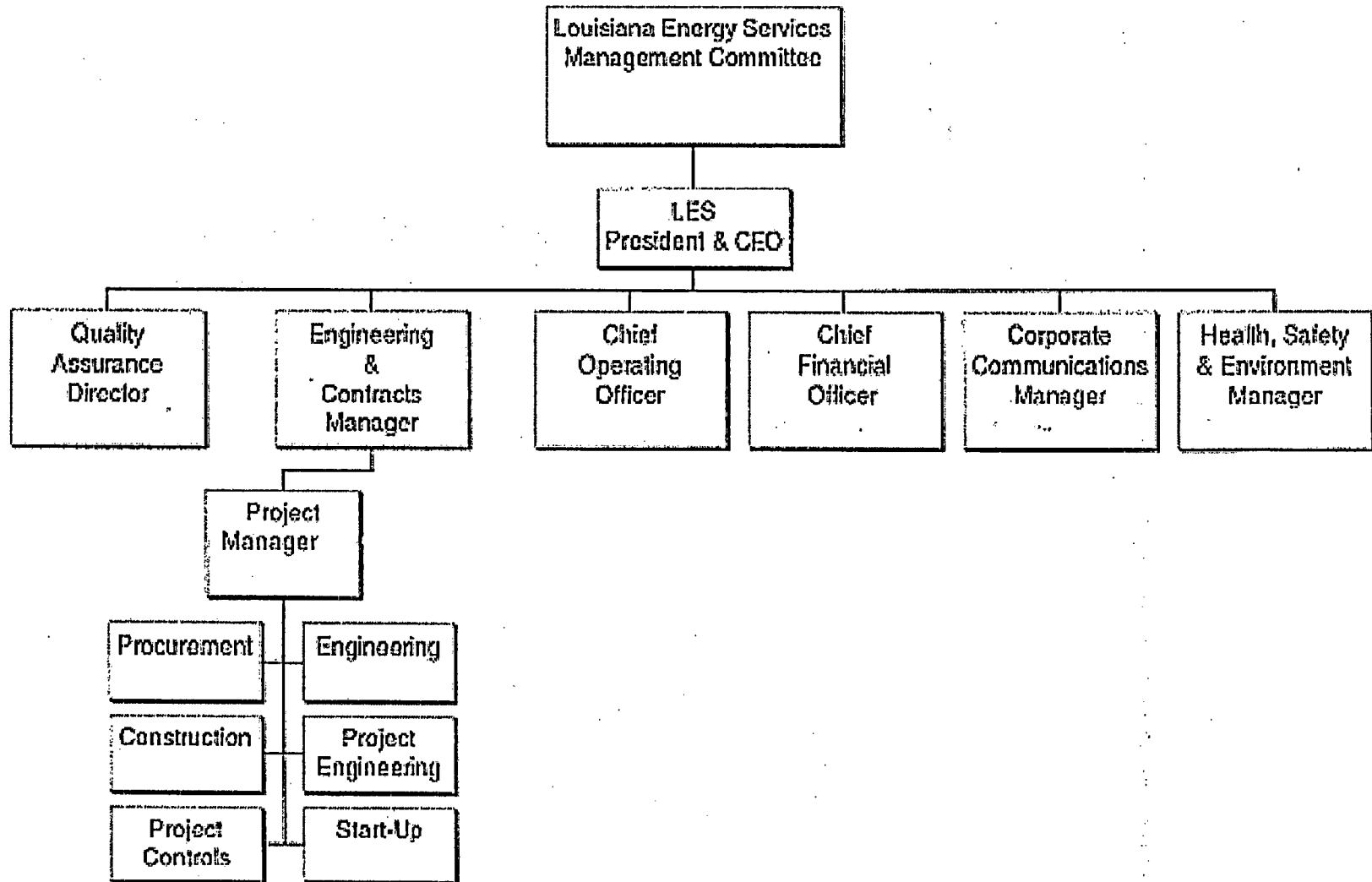
C = complete

DATE	ACTION
3/19/02 C	(NMSS) LES begins pre-application discussions
12/15/03 C	(NMSS) LES submits gas centrifuge facility application
12/15/03 C	(NMSS) LES submits Environmental Report
1/22/04 C	(NMSS) NRC completes acceptance review of application
2/4/04 C	(NMSS) NRC issues notice of intent (NOI) for EIS scoping meetings
2/6/04 C	(NMSS) NRC issues Notice of Opportunity for Public Hearing
3/4/04 C	(NMSS) Conduct EIS scoping meetings
4/30/04	(NMSS) Issue RAI for application (allow 30 days to respond)
4/30/04	(NMSS) Issue EIS scoping summary report
5/7/04	(NMSS) Complete technical review of Environmental Report/issue RAI
5/28/04	(NMSS) LES responds to application RAI
5/28/04	(NMSS) LES responds to Environmental Report RAI
9/30/04	(NMSS) Issue draft EIS for public comment
10/29/04	(NMSS) Conduct EIS public meetings
11/15/04	(NMSS) EIS public comment period ends
6/15/05	(NMSS) Issue final EIS
6/15/05	(NMSS) Issue final SER
7/15/05	(ASLB) Public hearing begins
2/11/06	(ASLB) ASLB issues initial decision
6/15/06	(COMM) Commission issues final decision
7/15/06	(NMSS) LES begins construction of facility
7/15/08	(NMSS) LES completes construction of facility
8/15/08	(REG II) Complete inspection of facility construction
10/15/08	(NMSS) Issue FR notice on construction inspection results
11/30/08	(NMSS) LES begins facility operation

Louisiana Energy Services Management Meeting With NRC

Rockville, MD
March 25, 2004

Organization Chart



Organization

- Functional Responsibilities
 - President and Chief Executive Officer – Jim Ferland
 - Quality Assurance Director, Engineering and Contracts, and Health, Safety & Environment Managers – Rod Krich (VP – Licensing, Safety, and Nuclear Engineering)
 - Chief Financial Officer – Mat Lueras (Controller)
 - Corporate Communications Manager – Marshall Cohen (VP – Communications and Government Relations)
 - Project Manager – Mike Lynch (Urenco)

Capabilities

- Contracts with large consultant firms and specialty contractors
 - Areva (Formerly Framatome – ANP)
 - Energy Resources, Inc.
 - Local environmental firm
- Urenco's Enrichment Technology Company, Ltd. is interface to the entire Urenco organization
- Utility partners have made assistance available

Responses to Requests for Additional Information (RAI)



- Expected to start receiving safety RAI in April and environmental in May
- Will respond to safety RAI within 30 calendar days
- Will respond to environmental RAI within 15 business days
- Will notify the NRC promptly in writing if technical or other issues prevent us from meeting response commitments

Management Oversight

- Propose quarterly meetings or as necessary

- Purpose
 - Status of NRC review and LES responses
 - Identify and resolve obstacles to progress
 - Agree on focus areas

Feedback

- Good cooperation
- Good communications
- Excellent progress
 - Integrated Safety Analysis (ISA) meeting
 - On-site review of ISA documentation
 - Visit to the Almelo facility
 - Numerous teleconferences to obtain needed clarification
- Tracking responses to all verbal requests