

October 27, 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 Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: OCTOBER 21, 2004, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES QUARTERLY MANAGEMENT MEETING

On October 21, 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/LES
	Monty Newman/Hobbs	James Curtiss/W&S	Troy Harris/Lovington
	Peter Miner/USEC	Betty Richman/Tatum	James Ferland/LES
	Glen Hackler/Andrews	William Floyd/New Mexico	James Brown/Eunice
	Dennis Holmberg/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
	Michael Marriotte/NIRS	Jerry Clift/Hartsville	CO'Claire/Ohio
	Derrith Watchman-Moore/NM	Joseph Malherek/PC	Ron Curry/NMED
	Tannis Fox/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
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Hearing file

LES Website-YES

ML043000090 (Package) **ML043000098** (Memo) **ML043020204** (Attachments)

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Summary of
Louisiana Energy Services Quarterly Management Meeting

Dates: October 21, 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 proposed Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Mr. Robert Pierson opened the discussion by stating that the licensing schedule is an aggressive one. He indicated that Revision 3 of the application had been submitted and that this revision included the separation of the Integrated Safety Analysis (ISA) from the rest of the application. He also stated that our current schedule is to prepare the safety evaluation report by June 2005.

Mr. Brian Smith then discussed the current licensing status of the project stating that the project is currently on schedule. Mr. Smith indicated that LES has been responsive to NRC Requests for Additional Information (RAIs) and in requests to further clarify submitted information.

Mr. Smith indicated that the primary technical issues remaining are as follows:

1. Criticality safety. NRC recently received information submitted on LES' safe-by-design analyses and this information is currently being reviewed by NRC staff.
2. ISA separation. LES submitted Revision 3 to the application, which included a separate document containing the ISA. The new submittal is under review by NRC staff.
3. Decommissioning funding plan. NRC staff issued a set of RAIs on decommissioning funding on October 20, 2004, requesting a response within 30 days.
4. Chemical exposure limits. Limits for chemical exposures were recently discussed with U.S. Environmental Protection Agency staff. Staff is planning to discuss these limits further with LES in a conference call during the week of October 25, 2004.
5. Instrumentation and controls (I&C). In a conference call held on October 21, 2004, NRC staff and LES staff agreed to further commitments to industry I&C standards. These commitments should resolve the technical issues in this area.

6. Seismic effects on worker safety. NRC staff and LES staff plan to discuss how worker safety is protected during seismic events in a conference call to be held during the week of October 25, 2004.
7. Foreign Ownership, Control, or Influence (FOCI). The U.S. Department of Energy (DOE) is reviewing the information submitted in the area of FOCI. NRC staff and LES staff will set up a meeting to further discuss and clarify any additional information that may be needed to support the DOE review.

Anna Bradford discussed the status of the Environmental Impact Statement (EIS) preparation. She indicated that a public meeting to take comments on the draft EIS was held on October 14, 2004. She stated that no written comments have yet been submitted. The deadline for submitting comments is November 6, 2004. The EIS team is scheduled to complete the final EIS by June 2005. Ms. Bradford also indicated that the cultural survey agreement is scheduled to be provided to each of the parties for comment during the week of October 25, 2004.

Lisa Clark discussed the status of the hearing and late-filed contentions that were just received. She also stated that the hearing was proceeding in accordance with the hearing board's schedule.

Mr. James Ferland, President and Chief Executive Officer of LES, then discussed the project from the LES perspective (see Attachment 3). He stated that he appreciates the effort of the EIS team and the early publication of the draft EIS. He also committed to be responsive to further requests from NRC staff.

Regarding the open technical issues, Mr. Ferland stated that its submittal of criticality safety information was consistent with the commitments it made to NRC staff. He also indicated that a face-to-face meeting on the FOCI issue would be preferable to bring resolution to any open issues in this area.

Mr. Ferland mentioned the recent NRC policy change to remove the emergency plan as a publically available document. He asked if LES should pull back copies it had provided to others. NRC staff indicated that they would respond to this concern when it has further policy guidance.

Mr. Ferland indicated that the architect-engineer (AE) for the project has been selected, but the contract has not yet been signed. The AE should begin work in January 2005 after resolution of a liability issue. LES also plans to have its civil and structural design complete by December 2005 and its contracts in-place by the time the license is issued. By December 2005, the mechanical and electrical designs should be 30 percent complete. Mr. Ferland also indicated that he wants to begin early coordination with the NRC inspection staff on the mandatory inspection to be conducted prior to operations. He stated that the construction start date has been moved up the end of Summer 2006.

Michael Lynch was recently named as the project manager for the facility. Previously, he managed the construction of the SP5 plant in Almelo, The Netherlands. He will be responsible for coordinating the work of the AE and the Urenco technology company.

Regarding the draft EIS meeting, Mr. Ferland indicated that he was happy with the meeting and that the NRC staff provided good presentations that were crisp and pertinent.

Mr. Ferland stated that on October 18, 2004, it held a meeting in Eunice, NM, with U.S. Senators, the local U.S. Representative, local leaders, and customers. He said that there is strong support for the project and the project is being closely observed by utilities. So far the project has received strong, positive feedback from utility customers.

Action Items

1. NRC staff to provide guidance on retrieving Emergency Plans from the public.
2. NRC staff to initiate discussions on construction inspection and readiness review inspection planning.

Attachments

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

**LES Quarterly Management Meeting
October 21, 2004**

Name	Affiliation	Telephone Number	Email Address
Tim JOHNSON	NRC	301-415-7249	TJW@NRC.GOV
Brian Smith	NRC	301-415-5331	BWSA@NRC.GOV
Anna Bradford	NRC	301-415-5228	ahb1@nrc.gov
Lisa Clark	NRC	301-415-1571	LBC@nrc.gov
ROBERT PIERSON	NRC	301-415-7213	rpp@nrc.gov
JIM FERLAND	LES	505-944-0194	jferland@neffm.com
Tom Krich	LES	1030-657-2813	rod.krich@exeloncorp.com
MIKE LYNCH	LES	505 944 0194	MLYNCH@NEFNU.COM
J. Keith Evelyn	NRC	301-415-7048	jke@nrc.gov
Frich Kraska	self	703-242-8067	JLKraska@AOL.com
JOSEPH MALHEREK	PUBLIC CITIZEN	202-454-5109	jmalherek@citizen.org
Angela Caggins	NRC	301-415-1574	abc1@nrc.gov
Andrew Maurer	NRC	301-415-8118	ANM@NRC.GOV
MICHAEL KNAPIK	MCGRAW-HILL	202-383-2167	MIKE_KNAPIK@PKATTS.COM
Bill Szymanski	DGE-NE	202 586-9086	William.Szymanski@nuclear.energy.gov
Joe Holovich	NRC - NMS	301 415 7213	JJH1@nrc.gov



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

September 21, 2004

MEETING NOTICE

Applicant: Louisiana Energy Services
Suite 610
2600 Virginia Avenue, NW
Washington, DC 20037

Docket: 70-3103

Date and Time: October 21, 2004; 3:00 P.M.

Location: U.S. Nuclear Regulatory Commission
Two White Flint North, Room T9A1
11545 Rockville Pike
Rockville, Maryland 20852

Purpose: To discuss project management issues and status related to its application for a gas centrifuge uranium enrichment facility proposed to be constructed in Eunice, New Mexico.

NRC Attendees: J. Strosnider, R. Pierson, J. Glitter, B. Smith, T. Johnson, S. Flanders, A. Bradford, J. Park, L. Clark, and project staff

Other Attendees: J. Ferland/LES, R. Krich/LES and LES project staff

Contact: T. Johnson; 301-415-7299; tcj@nrc.gov

Category: Category 1 Meeting: The public is invited to observe this meeting and will have one or more opportunities to communicate with the NRC after the business portion, but before the meeting is adjourned.

NOTE: NRC Meetings are open for interested members of the public to attend pursuant to the "Enhanced Public Participation in NRC Meetings; Policy Statement," 67 *Federal Register* 36920, May 28, 2002.

Attachment: Meeting agenda

cc:	James Curtiss/W&S	James Ferland/LES	Rod Krich/LES
	Peter Miner/USEC	William Szymanski/DOE	James Brown/Eunice
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	Lindsay Lovejoy/NIRS		

Louisiana Energy Services Quarterly Management Meeting Agenda
October 21, 2004

- Purpose/Introductions
- Project Status
- Management Issues
- Questions and Answers



Louisiana Energy Services Management Meeting with NRC

Rockville, MD
October 21, 2004

Action Items

- No action items from June 24, 2004 meeting

Status/Schedule Adherence

- NRC beat schedule for issuing the draft Environmental Impact Statement (EIS)
- Application revision that incorporated most of the clarifications/details in responses to Requests for Additional Information (RAIs) and corrected errata was submitted on July 30, 2004
- Responses to NRC requests for follow-up clarifications have been provided on a timely basis
- Application revision that separates the Integrated Safety Analysis Summary from the Safety Analysis Report was submitted on September 30, 2004

Issues Being Addressed

- Memorandum of Understanding (MOV) for treatment of cultural sites
 - MOV to be issued to signatories/concurrence parties
- Integrated Safety Assessment
 - Provided detailed information on safe-by-design components that followed the NRC-LES agreed upon content
 - Prepared to answer any follow-on questions so that review can be completed expeditiously
- Foreign Ownership, Control, or Influence (FOCI) review
 - Concerned that Department of Energy FOCI reviewers may not understand NRC policy regarding foreign ownership of enrichment plants or Quadripartite Agreement

Architect / Engineer

- Announcement of A/E selection issued on August 3, 2004.
- Contract has not been executed due to issues regarding liability
- Pursuing other potential resolutions

Feedback

- Good cooperation
- Good communications
- Excellent progress
 - Draft EIS issued ahead of schedule
 - Letter of appreciation submitted
 - Safe-by-design issue coming to resolution
- Attention still needed
 - FOCl review