



DUKE COGEMA
STONE & WEBSTER

~~PRIVILEGED AND CONFIDENTIAL~~
~~SUBJECT TO JOINT PRIVILEGE~~

U.S. Nuclear Regulatory Commission
Office of Nuclear Material Safety and Safeguards
Washington, DC 20555

DCS-NRC-000185
27 January 2006

Attention: Document Control Desk

Subject: Duke COGEMA Stone & Webster, LLC, Docket No. 070-03098: Request for Consent for Transfer of Control of Construction Authorization No. CAMOX-001, or for a 10 CFR 70.36 Threshold Determination

Dear Sir/Madam:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the "Act"), and 10 CFR 70.36, Duke COGEMA Stone & Webster, LLC ("DCS") requests that the U.S. Nuclear Regulatory Commission (the "NRC") consent, if necessary, to the following two proposed transactions involving potential indirect transfers of control of Construction Authorization No. CAMOX-001 (the "CA") for the Mixed Oxide Fuel Fabrication Facility proposed to be constructed at the U.S. Department of Energy ("DOE") Savannah River Site in Aiken, South Carolina (the "MFFF").

I. Transfer of Duke Capital's Ownership Interest in DPSG to Shaw E&I

Currently, DCS is owned by three members: (i) Duke Project Services Group, Inc. ("DPSG"), which holds a 40% ownership interest in DCS; (ii) COGEMA, Inc. ("COGEMA"), which holds a 30% ownership interest in DCS; and (iii) Stone & Webster, Inc. ("S&W"), which holds a 30% ownership interest in DCS. DPSG is a direct, wholly owned subsidiary of Duke Capital LLC ("Duke Capital"), which, in turn, is a direct, wholly owned subsidiary of Duke Energy Corporation ("Duke Energy"). COGEMA is a direct, wholly owned subsidiary of COGEMA, S.A., a French company. S&W is owned 50% by Stone & Webster Holding One, Inc. ("S&W Holding One") and 50% by Stone & Webster Holding Two, Inc. ("S&W Holding Two"), and both S&W Holding One and S&W Holding Two are direct, wholly owned subsidiaries of The Shaw Group Inc. ("The Shaw Group"). (See attached Figure 1 depicting the current DCS ownership structure.)

Duke Capital and Shaw Environmental & Infrastructure, Inc. ("Shaw E&I"), a direct, wholly owned subsidiary of The Shaw Group, have entered into a Stock Purchase Agreement dated as of December 22, 2005 (the "Stock Purchase Agreement"), pursuant to which Shaw E&I will

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purchase all of the outstanding shares of stock in DPSG from Duke Capital. Upon closing of the proposed DPSG sale transaction, DPSG will be a direct, wholly owned subsidiary of Shaw E&I. As a result, The Shaw Group, through DPSG and S&W, will indirectly hold a 70% ownership interest in DCS. However, there will be no change in the members of DCS (i.e., DPSG, S&W, or COGEMA) or their respective ownership interests in DCS (i.e., 40%, 30%, and 30% respectively) as a result of this proposed DPSG sale transaction. Further, the proposed DPSG sale transaction will not introduce any new persons or entities as indirect owners of DCS (since Shaw E&I is a direct, wholly owned subsidiary of The Shaw Group, which is currently the ultimate parent company of S&W). All of the directors and officers of The Shaw Group and their subsidiaries, as well as their representatives on the Board of Governors of DCS, will be U.S. citizens. COGEMA's direct or indirect ownership interest in DCS will not be affected by the proposed DPSG sale transaction. The proposed DPSG sale transaction will merely transfer Duke Energy's indirect ownership in DCS, through DPSG, to The Shaw Group, as the new owner of DPSG after the closing. Accordingly, there will be no change to the technical or financial qualifications of the licensee (i.e., DCS), no changes in licensed activities, no changes in foreign ownership, control, or influence of the licensee, and no changes to the CA as a result of this proposed DPSG sale transaction. (See attached Figure 2 depicting the proposed DCS ownership structure after the closing of this proposed DPSG sale transaction.)

In addition, the proposed DPSG sale transaction does not include any changes to the subcontract dated June 12, 2000, between DCS and Duke Power, a division of Duke Energy, pursuant to which Duke Power will prepare its McGuire and Catawba nuclear reactors for use of the MOX fuel produced at the MFFF. Duke Power will continue to be a subcontractor to DCS under the terms of such subcontract.

II. Transfer of S&W's Membership Interest in DCS to Shaw E&I

As part of an internal restructuring separate from the above DPSG sale transaction, The Shaw Group proposes to cause S&W to transfer its 30% membership interest in DCS to Shaw E&I. Both S&W and Shaw E&I are wholly owned subsidiaries of The Shaw Group. The Shaw Group proposes to complete this internal restructuring shortly after the closing of the proposed DPSG sale transaction described above. The intent of this proposed Shaw restructuring transaction is to complete consolidation of The Shaw Group's environmental, infrastructure, and government contract-related businesses into one business unit/subsidiary (i.e., Shaw E&I). Upon the closing of the proposed DPSG sale transaction and the completion of the proposed Shaw restructuring transaction, Shaw E&I will hold a direct 30% ownership interest in DCS and an indirect 40% ownership interest in DCS through DPSG.

The proposed Shaw restructuring transaction will not result in any new indirect owners of DCS (since, as noted above, Shaw E&I is a direct, wholly owned subsidiary of The Shaw Group, which is currently the ultimate parent company of S&W). All of the directors and officers of The Shaw Group and Shaw E&I, and Shaw E&I representatives on the Board of Governors of DCS, will be U. S. citizens. COGEMA's direct or indirect ownership interest in DCS will not be

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affected by the proposed Shaw restructuring transaction. The proposed Shaw restructuring transaction will merely transfer The Shaw Group's indirect ownership in DCS, currently held by S&W, to Shaw E&I. Accordingly, there will be no change to the technical or financial qualifications of the licensee (i.e., DCS), no changes in licensed activities, no changes in foreign ownership, control, or influence of the licensee, and no changes to the CA as a result of this proposed Shaw restructuring transaction. (See attached Figure 3 depicting the proposed DCS ownership structure after completion of both the proposed DPSG sale transaction and the proposed Shaw restructuring transaction.)

Neither the proposed DPSG sale transaction nor the proposed Shaw restructuring transaction will involve a direct transfer of control of the CA since DCS will remain the licensee and retain control of the CA. However, based on the above, the NRC may conclude that an indirect transfer of control of the CA would occur as a result of the proposed transfer of all of the outstanding shares of stock in DPSG to Shaw E&I from Duke Capital and/or from the proposed transfer of S&W's ownership interest in DCS to Shaw E&I. If that is the case, DCS respectfully requests NRC's written consent to one or both of the proposed transfers. In support of this request, the information required by NUREG-1556, Volume 15, "Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," is included in Attachment A to this letter.

In the alternative, DCS requests, pursuant to 10 CFR 70.36, that the NRC make a threshold determination that one or both of the proposed transfers do not constitute transfers of control of the CA that require NRC's written consent pursuant to Section 184 of the Act. Under the terms of the existing LLC operating agreement of DCS, (b)(4)

(b)(4)

(b)(4)

DPSG will remain the Managing Member of DCS after the closing of the proposed DPSG sale transactions but (b)(4)

(b)(4)

(b)(4)

DCS' activities, including its control of the CA, are also subject to its contractual obligations to DOE under the prime contract between DCS and DOE related to the MFFF (the "Prime Contract"). DCS' obligations under the Prime Contract will remain unchanged as a result of either of the two proposed transactions. Based on the foregoing limitations, we do not believe DPSG or S&W exercises direct or indirect control over the CA. Therefore, neither the proposed transfer of all of DPSG's shares from Duke Capital to Shaw E&I nor the proposed transfer of S&W's ownership interest in DCS to Shaw E&I constitute direct or indirect transfers of control of the CA.

The Stock Purchase Agreement provides for a closing on February 17, 2006, subject to obtaining any governmental approvals required by law. The Shaw Group also desires to complete the internal transfer of its indirect ownership interest in DCS from S&W to Shaw E&I shortly after the closing of the proposed DPSG sale transaction. Accordingly, DCS respectfully requests that

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NRC consider the requests in this letter on an expedited basis and grant, as soon as practical, the requested consents or make its threshold determination that one or both of the proposed transfers do not constitute transfers of control of the CA that require NRC's written consent.

Should you have any questions or require additional information regarding this request, please contact me at 704-382-2728.

Sincerely,



Larry R. Barnes
President and Chief Operating Officer of
Duke COGEMA Stone & Webster, LLC

Enclosures

cc (w/enclosures):

C. R. Bishop
J. R. Cassidy
A. M. Choho
T. Choho
F. T. Haseltine, Jr.
N. C. Jain
R. L. Sweigart
DCS Board of Governors

ATTACHMENT A

INFORMATION IN SUPPORT OF REQUEST FOR CONSENT TO TRANSFER OF CONTROL

In accordance with NUREG-1556, Volume 15, Section 5, "Change of Control," the following information is provided in support of DCS' request for NRC's consent, if necessary, to the two proposed transactions involving potential indirect transfers of control of the CA.

- 1. A complete, clear description of the transaction, including any transfer of stocks or assets, or mergers, etc. so that legal counsel is able, when necessary, to differentiate between name changes and changes in ownership.**

Currently, DCS is owned by three members: (i) DPSG, which holds a 40% ownership interest in DCS; (ii) COGEMA, which holds a 30% ownership interest in DCS; and (iii) S&W, which holds a 30% ownership interest in DCS. DPSG is a direct, wholly owned subsidiary of Duke Capital, which, in turn, is a direct, wholly owned subsidiary of Duke Energy. COGEMA is a direct, wholly owned subsidiary of COGEMA, S.A., a French company. S&W is owned 50% by S&W Holding One and 50% by S&W Holding Two, and both S&W Holding One and S&W Holding Two are direct, wholly owned subsidiaries of The Shaw Group.

Duke Capital and Shaw E&I have entered into the Stock Purchase Agreement, pursuant to which Shaw E&I will purchase all of the outstanding shares of stock in DPSG from Duke Capital. Upon closing of the proposed DPSG sale transaction, DPSG will be a direct, wholly owned subsidiary of Shaw E&I. As a result, The Shaw Group, through DPSG and S&W, will indirectly hold a 70% ownership interest in DCS. However, there will be no change in the members of DCS (i.e., DPSG, S&W, or COGEMA) or their respective ownership interests in DCS (i.e., 40%, 30%, and 30% respectively) as a result of this proposed DPSG sale transaction. Further, the proposed DPSG sale transaction will not introduce any new persons or entities as indirect owners of DCS (since Shaw E&I is a direct, wholly owned subsidiary of The Shaw Group, which is currently the ultimate parent company of S&W). All of the directors and officers of The Shaw Group and its subsidiaries, as well as their representatives on the Board of Governors of DCS, will be U.S. citizens. COGEMA's direct or indirect ownership interest in DCS will not be affected by the proposed DPSG sale transaction. The proposed transaction will merely transfer Duke Energy's indirect ownership in DCS, through DPSG, to The Shaw Group as the new owner of DPSG after the closing. Accordingly, there will be no change to the technical or financial qualifications of the licensee (i.e., DCS), no changes in licensed activities, no changes in foreign ownership, control, or influence of the licensee, and no changes to the CA as a result of this proposed DPSG sale transaction.

As part of an internal restructuring separate from the above transaction, The Shaw Group proposes to cause S&W to transfer its 30% membership interest in DCS to Shaw E&I. Both S&W and Shaw E&I are wholly owned subsidiaries of The Shaw Group. The Shaw Group proposes to complete this internal restructuring shortly after the closing of the proposed DPSG sale transaction described above. The intent of this proposed Shaw restructuring transaction is to

complete consolidation of The Shaw Group's environmental, infrastructure, and government contract-related businesses into one business unit/subsidiary (i.e., Shaw E&I). Upon the closing of the proposed DPSG sale transaction and the completion of the proposed Shaw restructuring transaction, Shaw E&I will hold a direct 30% ownership interest in DCS and an indirect 40% ownership interest in DCS, through DPSG. The proposed Shaw restructuring transaction will not result in any new indirect owners of DCS (since, as noted above, Shaw E&I is a direct, wholly owned subsidiary of The Shaw Group, which is currently the ultimate parent company of S&W). All of the directors and officers of The Shaw Group and Shaw E&I, and Shaw E&I representatives on the Board of Governors of DCS, will be U. S. citizens. COGEMA's direct or indirect ownership interest in DCS will not be affected by the proposed Shaw restructuring transaction. The proposed Shaw restructuring transaction will merely transfer The Shaw Group's indirect ownership in DCS, currently held by S&W, to Shaw E&I. Accordingly, there will be no change to the technical or financial qualifications of the licensee (i.e., DCS), no changes in licensed activities, no changes in foreign ownership, control, or influence of the licensee, and no changes to the CA as a result of this proposed Shaw restructuring transaction.

There will be no immediate change in the name of the licensee, the name of the licensee contact, or telephone numbers pertaining to licensed activities as a result of either of the two proposed transactions. DCS will remain the licensee. However, the Stock Purchase Agreement provides that within 30 days of the closing of the proposed DPSG sale transaction, Shaw E&I shall cause DPSG to be renamed and also to propose to the members of DCS that the name of DCS be changed to remove "Duke." If all of the members of DCS agree to do so, DCS will appropriately notify the NRC of the new name. However, the renamed DCS entity may continue to utilize the phrase "formerly known as Duke COGEMA Stone & Webster, LLC."

- 2. Any changes in personnel having control over licensed activities (e.g., officers of a corporation) and any changes in personnel named in the license such as radiation safety officer, authorized users, or any other persons identified in previous license applications as responsible for radiation safety or use of licensed material. The licensee should include information concerning the qualifications, training, and responsibilities of new individuals.**

As part of the proposed DPSG sale transaction, Duke Energy and Shaw E&I have entered into a

(b)(4)

Additionally, after closing on the DPSG sale transaction, Shaw Group expects to replace at least two of the three DPSG representatives to the Board of Governors of DCS with Shaw employees. The new Shaw representatives on the Board of Governors will be U.S. citizens. Aside from such replacements, there are no specific changes currently planned in DCS project personnel having control over licensed activities as a result of either of the proposed transactions and no changes in technical qualifications of DCS.

- 3. A complete description of any planned changes in organization, location, facility, equipment, or procedures.**

There are no currently planned changes in organization, location, facility, equipment, or procedures pertaining to licensed activities in connection with the proposed transactions other than the organizational changes described above.

- 4. An indication of whether all surveillance items and records will be current at the time of transfer. A description of the status of all surveillance requirements and records should also be provided.**

Not applicable.

- 5. Confirmation that all records concerning the safe and effective decommissioning of the facility have been transferred to the new licensee.**

DCS will remain the licensee and will continue to retain all required records.

- 6. Confirmation that the transferee agrees to abide by all commitments and representations previously made to NRC by the transferor.**

DCS will remain the licensee and agrees to continue to abide by all commitments and representations previously made to the NRC.

If the NRC requires any additional information regarding the proposed transactions, DCS will promptly provide such information.

FIGURE 1

Duke COGEMA Stone & Webster, LLC Current Structure

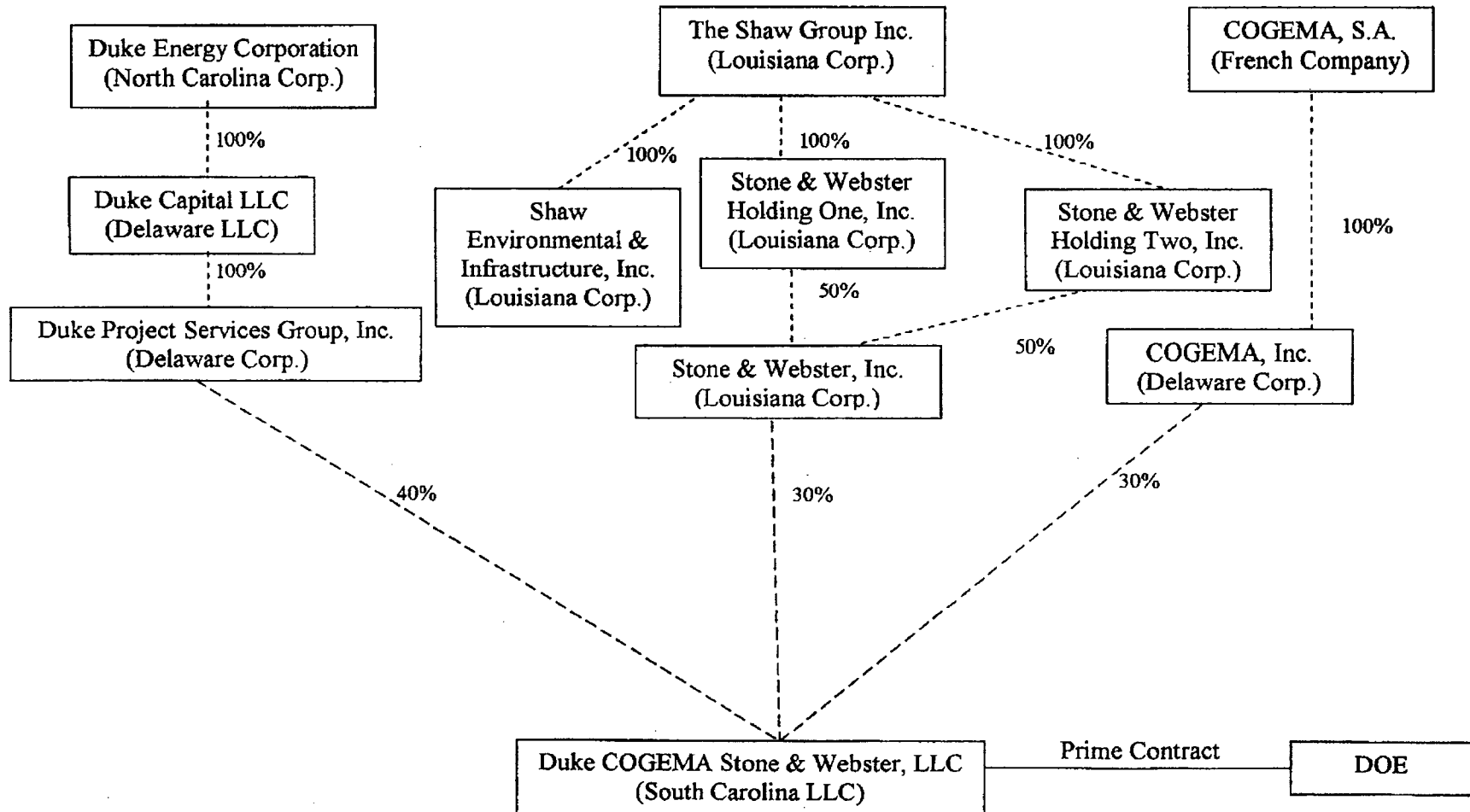


FIGURE 2

Duke COGEMA Stone & Webster, LLC Structure After Proposed DPSG Sale Transaction (Step 1)

