December 4, 2007

William Levis, President and COO
PSEG Nuclear LLC
P.O. Box 236
Hancock Bridge, NJ 08038-1236

Dear Mr. Levis:

I am writing to organizations within the Atlantic Compact region that have shipped significant amounts of waste to the Barnwell disposal site over the past few years. The purpose of this letter is to request information by February 15, 2008, that will help us in developing recommendations to the South Carolina Budget and Control Board (the Board) regarding the future operation of the Barnwell disposal facility.

Section 48-46-40(B)(7)(a), South Carolina Code of Laws, requires that the Board direct the suspension of disposal operations if it appears that disposal revenues received at the facility will not be sufficient to meet operating costs. Beginning July 1, 2008, the Barnwell facility may receive waste only from organizations in the three-State compact region. The disposal site can continue operating for Atlantic Compact waste if income received from regional disposal customers covers all facility operating costs and obligations.

The disposal site operator, Chem-Nuclear, LLC, recently briefed the Atlantic Compact Commission in a public meeting on its plans and cost projections for managing the disposal facility for the smaller volumes of waste expected from regional generators. Since 2000, when South Carolina joined the Atlantic Compact, there have been major changes in the market for radioactive waste treatment and disposal. Chem-Nuclear's proposals for low-volume operation of the Barnwell site are feasible only if they are consistent with the plans and preferences of the region's waste generators in today's evolving market.

In view of these changes, we need to determine whether the major waste generators within the Compact region are still committed to supporting a regional disposal facility. The disposal site operator can make plans for operating the site for smaller volumes of
If you believe that the Atlantic Co-operative Compost Generators should continue to use and support a regional disposal facility, please ask your representatives to work with their counterparts in the region to submit a plan for ensuring the economic viability of the regional disposal facility.

Several framework that might be necessary or helpful in achieving the plan:

1. Any proposal actions that might be taken by the Atlantic Co-operative Commission,

   - The reduction of waste received
   - Additional operating costs that were unanticipated due to fluctuations in the market
   - A legally binding mechanism for covering operating costs in the event that the

2. An environment to consider the views of the generators on how such a fee system should

   - Be structured
   - An obligation to solve the regional waste disposal problem

3. Health and Environmental

   - A fee structure along with the budget and Control Board.

   - As the basis for a revenue requirement, the amount of operating costs, and margin

We express that those generators who want the Atlantic Co-operative Compost Generators to increase the efficiency of their operations and reduce the complexity of their operations at a later date

...
Director

John F. Clark

Sincerely,

Please do not hesitate to contact me or Bill Newberry at 803-737-8030.

If you would like further information or if we can assist you in support of your planning,