



CHEM-NUCLEAR SYSTEMS, LLC

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May 1, 2007

Mr. Bill Newberry
Radioactive Waste Disposal Program
State Energy Office
1201 Main Street
Columbia, SC 29201

Dear Bill:

As you are aware, Jim Latham, Bill House and I have been working on post-2008 costs to present to you. In reviewing the Henry White letter to Jim Latham, it looks like we will need to work on much more than just costs.

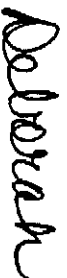
We have reached the point in our cost preparation where we need additional information in order to complete the cost projections as well as comply with the requests in Mr. White's letter to Jim Latham dated April 24, 2007. When we prepare cost projections, we have to make certain assumptions upon which to base the costs. We try to base those assumptions on what we know from a historical perspective. However, in the case of post-2008 costs, purely basing assumptions on historical perspective most likely will not result in realistic cost projections.

In order to move forward, we need to know your assumptions for the expected waste for Fiscal Years 2009 and 2010. We need to know the classes of waste including the volume of each class. We also need to know the types of waste expected including any large components and the number of irradiated hardware shipments. This information about the waste is needed so that we can properly estimate the costs of disposal operations. The billed activity estimate for these expected wastes is also needed so that we can determine the deficient, if any.

We will also need to track the shipment of waste more closely than annually as we have previously done in order to track cash flow. We need to know your assumptions for the pace of waste shipments, i.e. equal amounts each month, smaller percentages of waste the first six months and larger the last six months of each fiscal year. In looking at waste volumes for fiscal year 2009, we also need to know what assumptions to make for the "hold incentive" waste that Atlantic Compact generators are to ship, i.e. class of waste, when waste will arrive, etc.

Mr. White's letter has placed a greater responsibility on the accuracy of our cost projections and on his request for a detailed plan for the reducing of operating costs at the Barnwell site. Accordingly, these assumptions are critical to the accuracy of the projections. I would appreciate it if you could give me some idea of when you might be able to respond to our questions. We appreciate your cooperation in this matter.

Sincerely,



Deborah G. Ogilvie

- C: Mr. Henry J. White, Budget and Control Board
Mr. Benjamin Johnson, Atlantic Compact Commission
Ms. Claire Prince, Department of Health and Environmental Control
Mr. Jay Jashinsky, Office of Regulatory Staff
Mr. James Latham, Chem-Nuclear Systems