

The Honorable Henry McMaster
Governor of the State of South Carolina
State House
1100 Gervais Street
Columbia, SC 29201

September 14, 2017

RE: Nuclear Advisory Council Visit to the Savannah River MOX Project

Dear Sir,

In accordance with the charter of the Governor's Nuclear Advisory Council, three members conducted an inspection of the DOE MOX (Mixed Oxide) Project currently under construction at the Savannah River Site and held interviews with the staffs of the DOE NNSA and CBI-Areva (contractor) on August 29, 2017. Following this meeting, we also heard a briefing from DOE NNSA regarding the background of the MOX program and an explanation of the basis for consideration of a new alternative for plutonium disposition replacing the current MOX program. Attached is our report for your review and consideration. The report includes two sections with our observations and conclusions as well as an appendix with a paraphrased summary of the questions and answers exchanged during the interviews with the Government and Contractor.

Presently, it is the intention of the DOE, as openly stated during our interviews, to terminate the MOX project as soon as Congress and the President endorse their plans to do so. In advance of any official approval of a proposed alternative, the DOE is presently making decisions and directing the contractor in a manner which delays and hampers work at the site, limits acquisitions and negatively affects the continuing construction efforts by the contractor and adversely affects workforce retention and morale.

We are deeply concerned about the threatened viability to this project and the potential significant negative economic impacts to the State of South Carolina. Termination of MOX will immediately result in thousands of lost jobs as well as hundreds of future jobs required to operate MOX after completion.

The DOE NNSA is proposing an alternate solution to the disposition of the 34 tons of weapons grade plutonium known as "Dilute and Dispose". This proposed new approach has many unanswered questions with an attendant risk of failure due to a wide range of technical, legal and regulatory obstacles. Recent DOE court testimony illustrates the risks of this newly proposed approach. For example, the DOE has testified it might take eight years to process a single ton of plutonium, a significant shortfall for the goal of addressing over 34 tons of weapons-grade plutonium.

The decision to change to the "Dilute and Dispose" approach being proposed by the DOE is being made without the benefits of a completed full life cycle cost analysis and comparison to the costs of completing MOX. This new plan, Dilute and Dispose, would abandon the \$5B investment made to date in the MOX facility and simply bury the plutonium, which if processed in MOX, would have over \$50 billion of economic value as nuclear reactor fuel to power America.

If the DOE is successful in their efforts to terminate the MOX project, South Carolina will likely experience significant impacts coming on the heels of the recent termination of the new nuclear units at V.C. Summer and the resultant layoff of 5,800 workers. These impacts include:

1. A layoff of 2,200 skilled employees currently working at the site.
2. The additional elimination of approximately 2,000 vendor and supplier jobs
3. The loss of a potential commercial nuclear fuel manufacturing enterprise at Savannah River and the 1,000 high paying jobs required to operate the MOX facility for several decades of nuclear fuel production
4. Leaving South Carolina without any viable near term solution for the removal of the weapons-grade plutonium currently stored at the site, possibly making South Carolina the permanent home of the surplus weapons grade plutonium.

Given the current congressional schedule for the review and finalization of DOE budgets, we feel that action must be taken to move quickly to rally Congressional and Presidential support for stopping the DOE plans until proper and unbiased cost and technical evaluations of MOX and alternative disposal methods can be performed and reviewed.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Lee", with a stylized flourish at the end.

Rick Lee

Chairman

Governor's Nuclear Advisory Council