

GOVERNOR'S NUCLEAR ADVISORY COUNCIL

MINUTES

June 12, 2008

(Pending Approval)

Room 209 Gressette Building

Columbia, South Carolina

Members present: Chairman, Mr. Ben Rusche, Mr. Steve Byrne, Dr. Vincent Van Brunt, Dr. David Peterson, the Honorable Robert Perry, and Ms. Karen Patterson.

Absent: The Honorable Greg Ryberg, Mr. Bill Mottel, and Dr. Carolyn Hudson

Staff present: Mr. Michael D. Hughes, and Mrs. Catherine Vanden Houten

Transcribed by: Mr. Michael D. Hughes

I. Welcome, Opening Comments, and Approval of Minutes

The Governor's Nuclear Advisory Council convened on June 12, 2008, at 1:00PM. Mr. Ben Rusche, Chairman of the Council, called the meeting to order and welcomed the speakers and guests.

Dr. Van Brunt asked for the approval of the minutes. Chairman Rusche asked for a motion that the minutes from the March 13, 2008 meeting be approved. Dr. Van Brunt seconded the motion. The minutes were unanimously approved.

Chairman Rusche introduced the first two speakers, Jeff Allison, DOE Site Manager, and Mr. Leo Sain of Washington Group International.

II. Savannah River Site (SRS) Update

Jeff Allison introduced Mr. Leo Sain to give a status report on SRS. Chairman Rusche then asked Council if he could correct an oversight that he had made and introduced Ms. Karen Patterson as a new member of Council. Mr. Sain then gave an overview of SRS to include safety, cleaning and emptying tanks. Mr. Sain said they are on track to be better in 2008 than in 2007 and WSRC continues to support a safe orderly

transition to SRNS. The transition will be complete on August 1, 2008. SRNS will take of the MNO portion of the site at that time. Mr. Sain also reported that the Liquid Waste Program continues in superb performance with 16 months of excellent operations. Mr. Sain concluded by reporting that URS recently opened an office complex in Fort Mill, SC that will be the nuclear office for the power division. Dr. Van Brunt asked about the strontium facility design requirements. Mr. Sain said the facility is exceeding all design requirements.

Chairman Rusche thanked Mr. Sain and then introduced Mr. Larry Ling to report on Salt Waste Processing.

III. Salt Waste Processing

Mr. Larry Ling, Mr. Zach Smith, and Mr. David Amerine reported on the salt waste processing activities of the site to include Parsons' activities. This included the interim salt disposition processing. Significant progress has been made. The bulk of the waste is salt and the facility started up on May 5, 2008. The facility will be used as a pilot plant.

Mr. Amerine's and Mr. Smith's report included slides on Parsons Progress on SWPF, Parsons Technology Center, and Parsons Aiken Engineering Office. The earned value management system certification review has been completed and the resolution has been forward to DOE Headquarters Office of Engineering Construction Management for final evaluation and declaration of readiness in that area. Full closure of that review will be completed within the week. It will then be presented to headquarters Wednesday June 18, 2008. The external independent review of CD3 has been contracted to and completed by Jupiter. A corrective action plan has been accepted by the federal project director.

Headquarters' review of that is schedule to be completed on June 16, 2008. Findings they have were reported to be minor. The review was successful.

Construction progress prep work is complete to include underground utility and road work. The administration building has been started as well. Mr. Byrne asked if Parsons is also doing the construction. Mr. Amerine said Parsons will do the design, construction, startup testing and commissioning, and one year of operations.

Chairman Rusche then introduced Sam Glenn and Tom Cantey for an update of the MOX Project.

IV. MOX Update

Mr. Glenn reported that they have reached 500,000 safe work hours and are currently close to 700,000 safe work hours. Cost and schedule performance remains good and are below estimates thus far. They are almost at 28% contingency in management reserve on the remaining costs. The NRC is reviewing the license application. Of the 170,000 cubic yards of concrete required to complete the structure, 24,000 cubic yards are installed. The contract for the administration building was awarded and its construction will be complete in July 2009. The update also included slides of the glove box assembly building among other slides illustrating other activities. Chairman Rusche asked what the estimated investment in the MOX Facility once completed. Mr. Glenn said it is just over \$4.8 billion with a completion date of about a year and a half to two years. In 2016, they will produce fuel.

Mr. Cantey reported on the plutonium disposition project covering the history of the program and current status. His report included slides illustrating the process areas and structures for the 33,000 square foot facility. The project began in 2002 and is tied to

MOX activities. The design was completed last month and the design reviews are underway. They anticipate the start of construction in October of 2008. Chairman Rusche asked where the final resting place is for the material. Mr. Cantey said it's offsite in Nevada. Mr. Cantey said they have been engaged with WHIP since project inception and the waste has to be WHIP compliant from the beginning. Mr. Cantey said the communication has been effective and are confident that the project will be a success. Ms. Patterson asked if anything has to be licensed with the NRC separate from MOX. Mr. Cantey said it is separate from MOX that it is a NNSA facility. Mr. Byrne asked if the MNO contractor was doing the design or construction, or both. Mr. Cantey said they are doing the design and the construction management.

Chairman Rusche introduced Mel Shannon and Tony Gody with NRC to give an update on NRC activity.

V. Nuclear Regulatory Commission (NRC) Activity Update

Mr. Shannon and Mr. Gody introduced themselves to the Council along with their backgrounds and credentials. They gave a brief description of the NRC's construction inspection program overall to include the resident inspection program. The Division of Construction Inspection in Atlanta, Georgia is in charge of administering the NRC inspection program for all fuel facility construction, any Part 50 construction that may occur and any future new reactor construction under Part 52 nationwide. The report also included the types of reviews within the program. To date, they have conducted 1700 hours of direct eyes-on inspections at the mixed oxide fuel fabrication facility. Chairman Rusche asked how many sites are there in the region for government activity. Mr. Gody replied that this (MOX) is it. Dr. Van Brunt asked if the construction is completed within

NRC guidelines, will the operating license will be issued speedily. Mr. Gody replied that their recommendation to headquarters that the facility be provided an operating license based on their direct observations alone would be, but there are other factors that may come into play and are not in their control during the hearing process.

Chairman Rusche introduced Pat McGuire, and Allen Gunter to give a report on H-Canyon activities.

VI. H-Canyon Operations

Mr. McGuire and Mr. Gunter reported on H-Canyon. The report consisted of the overall nuclear material and spent nuclear fuel disposition strategy of the SRS, and H-Canyon's role in the disposition of the nuclear materials. The report included the disposition strategy of plutonium, uranium, and spent nuclear fuel. They are maximizing the use of existing facilities. They are integrating with the NNSA programs and facilities.

Mr. Gunter reported in more detail with respect to the approach to disposition of nuclear materials with detailed slides. They have determined that additional plutonium can go to the MOX facility versus going into the vitrification. An additional 7.8 metric tons can now go to MOX. They have determined that they do not need a vitrification facility but do need a facility that will de-clad the FFTF Fuel; prepare the plutonium samples and metal oxides. They will disposition approximately 21 metric tons of surplus ATU by dissolving it in H-Canyon and blending it down with the lower enriched uranium.

Chairman Rusche introduced Jeff Allison with DOE to give an update on the contract transition.

VII. Contract Transition

Jeff Allison gave an overview of the process DOE is undergoing for contract transition to include background, organizational leadership, and workforce. The overview included slides. Chuck Munns with Savannah River Nuclear Solutions (SRNS) and Leo Sain with WSRC also assisted in the overview with respect to SRNS and WSRC's role in the transition. Mr. Allison covered the scope of the contract in which SRNS was selected on January 10, 2008. Three areas include the environmental clean up, spent fuel and nuclear materials /solid waste program, and the operation of the Savannah River National Laboratory (SRNL). The contract will also cover the integration of other important activities of the site to include infrastructure and pension and benefits. SRNS is a limited liability company (LLC) lead by Fluor, Honeywell International, and Newport News Ship Building and Dry-dock. The contract awarded by DOE was a cost plus award fee contract at \$800 million dollars a year for a five year base period for the contract. There is an option for an additional five years. Transition period began May 2, 2008. This is a 90-day transition period and operations will be turned over on August 1, 2008 to SRNS. Objectives of the transition include readiness to assume operations as the new contractor, safety, and the minimization of possible impacts of ongoing operations. DOE is ready to manage the new contract. The transition plans for both the incoming and outgoing contractors are under review and transitions are to be complete by August 1, 2008. Ms. Patterson asked how the tasks are taken from the MNO contract for the small businesses set aside going. Mr. Allison said the small business set asides are not yet in place. The IT set asides are currently being worked on. As of now, there is not a firm date on when all small business set asides will be resolved. Mr. Byrne asked Mr. Munns what the

percentage of the existing workforce will be rolled over. Mr. Munns said all of the 6000 workers with the exception of 100 workers will be offered a job. Also, there will be two pensions going forward for the workforce. There will be an existing pension program for existing employees and a new pension program for new employees. Mr. Byrne asked who will be managing the existing power houses and the possible rollover into biomass facilities. Mr. Munns said it will be under the new contract and that plan has not changed.

Chairman Rusche introduced Mr. Byrne to give an update on SCE&G's nuclear license applications.

VIII. SCE&G Nuclear License Applications

Mr. Byrne's presentation consisted of slides to the Council and audience covering a complete overview of SCE&G's nuclear license applications. This overview included plant designs, media coverage, some preliminary costs incurred, and types of materials, planning and engineering procurement, and permitting. Mr. Byrne's presentation illustrated the need for additional commercial nuclear capacity by the 2015 timeframe as well as an economic evaluation of cost to customers. Mr. Byrne stated nuclear advances SCE&G's goal of fuel diversity. There is a requirement to maintain between a 12% and 18% reserve margin over the peak load which is during the summer months. August of 2007 was a historic peak. Base load generation will be needed during peak load in the 2015 time frame. Mr. Byrne presented the various cost analyses used by SCE&G to include hydro, solar, and wind as compared to nuclear sources. Dr. Van Brunt asked if carbon tax was factored in. Mr. Byrne replied that the recent financial models do factor in carbon taxes in the \$10 to \$20 range per ton of carbon.

Chairman Rusche introduced Mrs. Claire Prince to give an update on DHEC.

IX. DHEC Update

Mrs. Claire Prince gave a DHEC update on Richard Haynes behalf. Mrs. Prince introduced Ken Taylor to the Council and audience. The update was on the Barnwell Radioactive Waste Disposal Program that included fee increases to support the program activities. Mrs. Prince reported on projections of waste received after July 1, 2008. On July 1, 2008, Barnwell will accept only compact waste disposal. Volume of waste is projected to be around 10,000 to 13,000 cubic feet per year.

The report covered the tritium plume status. Additional ground water studies are currently underway at the site as well as tree studies with the USGS. These studies will give DHEC a better understanding of the plume map and to see the trees are taking up the tritium. The first reported results from the USGS are due in the fall.

Site closure activities were covered. The site closure will be done in two phases. Mr. Byrne asked Mrs. Prince if she was surprised about the low turnout of the public meeting on tritium near the creek. Mrs. Prince said she was not surprised because of the results of the private well sampling by Chem-nuclear and DHEC that took place recently. She concluded by saying there were no surprises from the sampling.

Chairman Rusche asked for any comments from the public or audience.

VIII. Public Comments /Closing Remarks /Adjournment

Mrs. Ruth Thomas with the Sierra Club asked what she missed on the Parsons presentations. Mr. Terry Spears addressed her concerns of whether reprocessing waste is based on science or a Congressional determination. Mr. Spears said it's determined by sound engineering coupled with science. Mr. Tom Clements representing the

organization, Friends of the Earth, made brief comments on the MOX Plant and H-Canyon statuses as well as cost estimates.

Chairman Rusche thanked individuals for their comments. Chairman Rusche asked if there were any further comments. There were no further comments. The meeting adjourned at 4:10PM.

Copies of meeting materials and presentations are available upon request. Send requests to Michael Hughes at mhughes@energy.sc.gov.