

State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

September 6, 2013

The Honorable Ernest Moniz
Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Moniz,

Thank you for our recent call; it was a pleasure discussing your Agency's priorities and the future of operations in South Carolina. I hope our relationship remains candid and fruitful during our mutual tenure. I write today to follow-up on a few points we discussed and again underscore the mutual commitments made between South Carolina and the Department of Energy (DOE).

As you know, the single largest environmental, health, and economic risk to the State of South Carolina is 37 million gallons of high-level nuclear waste sitting in antiquated tanks on the Savannah River Site (SRS) near Aiken, South Carolina. Additionally, the site houses retired weapons and spent reactor fuel in furtherance of nonproliferation and international nuclear security missions. For the most part, the news here is good – waste processing at SRS is a generation ahead of other DOE operations and our site partners are on the cusp of making other vital projects operational. As Governor, I am proud of the mission performed by such an accomplished workforce, and understand that their mission will only be successful if DOE honors the agreement between it and South Carolina. Accordingly, our partners at SRS must be provided with the resources they need to meet agreed-upon milestones.

For our efforts and cooperation, the current administration and your predecessor chose to reduce SRS's budget. The site has recently lost over 1,000 high-skilled employees not easily replaced and looks to lose over 1,500 more in the coming years. For its decades of litigation and lack of progress, this same administration has proposed about 20 percent more financial support for the Hanford Site in Washington State. While I understand the approach of prioritizing problem sites in challenging fiscal environments, the true effect of this policy is to punish success and fund failure.

My concerns about the DOE's recent reluctance to seek the resources necessary to continue operations at SRS extend to the fact that de-funding the site will not save money in the near or long-term. For example, penalties for failing to meet the startup date for the Salt Waste Processing Facility can top \$150 million by the milestone date. Similar fines are attached to the MOX facility's progress, which is already scheduled to lag behind recently extended deadlines. South Carolina is not amenable to yet another modification of

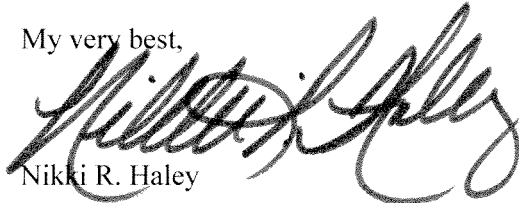
site milestones. I hope that you will see fit to make the necessary good faith efforts to seek sufficient resources in furtherance of commitments that are now yours to keep.

Finally, the decision rendered by the District of Columbia Circuit Court indicates that the actions taken by President Obama and your predecessor, Secretary Chu, in withdrawing Yucca Mountain repository permits from consideration were, in fact, unlawful. This reaffirms my position that the DOE is bound to clean up the Savannah River Site permanently. While the review process rests within the Nuclear Regulatory Commission now, it is clear that both the NRC and DOE must move forward cooperatively to license and operate Yucca Mountain.

South Carolina values the work performed at the Savannah River Site by its partners and the potential for innovation at the Savannah River National Laboratory and public-private energy partnerships like those fostered by the Small Modular Reactor Program. Many site employees live in Aiken and surrounding communities and your agency has transplanted a workforce that will always call South Carolina home. Accordingly, it is my hope that we can work as partners to meet the federal government's commitment to the citizens of South Carolina, and I hope your leadership will foster such a partnership.

Thank you for your time and attention to these vitally important issues. If I may be of further assistance, please contact me or Joshua Baker in my office at joshbaker@gov.sc.gov or 803.734.5153.

My very best,

A handwritten signature in black ink, appearing to read 'Nikki R. Haley', with a large, stylized flourish at the end.

Nikki R. Haley

NRH/jdb