

THE
NEW ENGLAND
COUNCIL

July 23, 2008

Dear Member of Congress,

As you know, in early June the U.S. Department of Energy submitted a repository license application with the Nuclear Regulatory Commission to continue the process of certifying the Yucca Mountain repository to host spent nuclear fuel. While the project has been in development for many years, taking a variety of steps forwards and backwards, the appropriations level for Yucca Mountain in Fiscal Year 2008 put this vital project on perilous footing. At this critical time for the Yucca Mountain project, I urge you on behalf of The New England Council, the nation's oldest regional business organization, to support aggressive funding for the Yucca Mountain repository, a project that will greatly benefit companies and ratepayers in the New England region.

Under the Nuclear Waste Policy Act, passed over 25 years ago, the federal government agreed to take responsibility for the safe disposal and storage of up to 70,000 metric tons of spent nuclear waste at an underground repository. To pay for the federal nuclear waste management program, the nuclear waste fund was established and funded by a tenth of a cent per kilowatt hour fee paid by the ratepayers who benefit from the electricity generated by nuclear power. Ratepayers throughout the country continue to pay into the Nuclear Waste Fund, an increased cost especially felt in New England where energy costs are well above the national average, in hopes of successfully completing a unified storage site. So while the development and funding for a permanent site (over 20 years ago, at the behest of Congress, the DOE began focusing solely on Yucca Mountain) has languished, especially in funding for Fiscal Year 2008 activities, ratepayers in New England and across the nation continue to pay. According to recent testimony from the head of the Office of Civilian Radioactive Waste Management, "As of today the Fund has a balance of approximately \$21 billion... The Government receives approximately \$750 million per year in revenues from on-going nuclear generation and approximately \$1 billion from interest earnings." Yet annual funding for Yucca Mountain was below \$400 million in FY08.

As you also know, New England is home to three shutdown commercial reactors in Massachusetts, Maine, and Connecticut. Until the early-mid 1990's, these three sites provided New England residents with safe, reliable, and affordable power, and are now storing the spent material (and incurring the costs) the federal government had agreed to take possession of by 1998. In the case of the New England plants, because they are now fully decommissioned, the costs being incurred are entirely related to the secure storage of the spent fuel.

In September 2006 the U.S. Court of Federal Claims awarded the three New England Yankee plants \$143 million from the federal Judgment Fund through the Department of the Treasury (which does not require Congressional appropriations) for costs incurred in

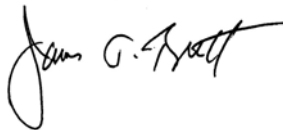
storing spent fuel well after the January 1998 deadline contained in the NWPA. According to experts, that award may be the tip of the iceberg as far as taxpayers are concerned. In October 2007 the Congressional Budget Office testified before Congress that, "DOE currently estimates that if the agency begins to accept waste in 2017, taxpayers' total liabilities to electric utilities will total roughly \$7 billion." However, "estimated liabilities will increase from \$7 billion to \$11 billion if the agency starts accepting waste in 2020. And even then, it will face a backlog that, at best, will take more than 20 years to eliminate." Given the current level of annual funding for Yucca Mountain, 2020 would seem to be an optimistic target date, meaning taxpayers could be responsible for far beyond the \$11 billion estimated by CBO.

Since 1982 Congress has recognized the benefits to a single, consolidated site as a safer and clearly more cost-effective solution to dealing with radioactive waste. The safety of the spent fuel during transportation has been raised by opponents as a reason to oppose a unified site like Yucca Mountain. In response, the Department of Energy counters that, "over the last 40 years, approximately 3,000 shipments of spent nuclear fuel have been transported safely over America's highways, waterways, and railroads. During this time, an exemplary safety record has been established with no fatalities, injuries, or environmental damage caused by the radioactive nature of the cargo."

We were pleased to see Congress include language in the Fiscal Year 2008 omnibus appropriations bill that directs the U.S. Department of Energy to develop a meaningful plan to remove spent nuclear fuel stored at decommissioned reactor sites and provide for the consolidated storage. The continued development of Yucca Mountain would obviously fulfill this goal, and provide many benefits, including; the safe and secure storage of our nation's spent nuclear fuel; a sense of fairness to electric ratepayers who bear the burden of the cost of the Nuclear Waste Fund; a clear signal to current and future generators of nuclear power that the government supports safe, reliable, carbon-free power generation; and as importantly, fulfills a commitment to producers of nuclear energy made by the federal government over 25 years ago.

This is a critical time for the Yucca Mountain project, both in expressing support for its license application, and during the annual appropriations process, and I urge you to stand by the Yucca Mountain repository project at this important juncture. If you have any questions, please do not hesitate to call me or Jeff Turcotte of the Council's Washington, DC office at (202) 547-0048.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "James T. Brett". The signature is fluid and cursive, with a large initial "J" and a stylized "B".

James T. Brett
President & CEO