



N A R U C
National Association of Regulatory Utility Commissioners

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Washington, DC Office

July 8, 2009

The Honorable Steven Chu
Secretary of Energy
U. S. Department of Energy
Forrestal Building 7A-257
1000 Independence Ave. S.W.
Washington, D.C. 20585

Dear Secretary Chu:

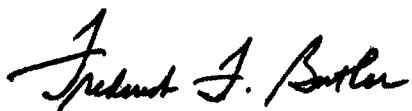
The National Association of Regulatory Utility Commissioners (NARUC) supports the request by the Nuclear Energy Institute (NEI) to suspend the fees paid by nuclear utilities to the Nuclear Waste Fund. With the declared intention of the President to terminate the Yucca Mountain repository, despite the 2002 Joint Resolution (P.L. 107-200) approving that site subject to successfully obtaining a license from the Nuclear Regulatory Commission, there is no clearly defined program for disposal of spent nuclear fuel and high-level radioactive waste. Therefore, there is no basis to assess the adequacy of fees that continue to be paid into the Nuclear Waste Fund.

The Department of Energy forecasts that \$769 million in fees will be paid into the Fund during the present FY 2009 and Congress appropriated \$145.4 million to the civilian radioactive waste management program. With another \$1,172 million in investment returns being projected to be credited to the Fund in the same period, DOE reports forecast a balance in the Fund at the end of FY 2009 of \$23.7 billion. In light of the Fund investment returns of over a billion dollars being forecast, it is more than sufficient to use the Fund balance to fund the \$98.4 million request in the FY 2010 Budget.

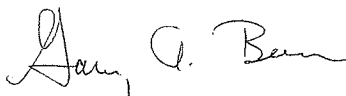
Our public utility commissioners find it extremely difficult to explain to ratepayers in States where their utilities provide nuclear-generated electricity that their electric bill includes pass-through of the Nuclear Waste Fund fees being paid to the Government for nuclear waste disposal that was to have begun in 1998. Now the fee payments continue to be paid even though no one can say for certain what the money will eventually be used for. If we are going to pause to reconsider disposal options, we feel it is also appropriate to pause the fee payments.

On a related matter, NARUC is preparing to provide our views to the blue-ribbon commission on developing a disposal strategy. We will emphasize the need for fundamental reform of the management of the Nuclear Waste Fund. We believe that financing nuclear waste disposal is as necessary to a successful nuclear waste disposal strategy as the technical and policy considerations. The Nuclear Waste Fund that was envisioned in the Nuclear Waste Policy Act has not functioned as intended and may be better protected if it were managed in a substantially different way. There needs to be much more transparency on the management of the Fund. In the meantime, we see no reason to collect fees when only 12 percent of the amount collected will be put to its intended use and no one knows how or when the spent fuel will be disposed of or perhaps be reprocessed at some distant time for unknown costs.

Thank you for attention to this matter. We would be pleased to discuss the industry proposal with you or your staff.



Frederick F. Butler
President



Garry A. Brown
Chairman
Committee on Electricity



David A. Wright
Chairman
Subcommittee on Nuclear
Issues-Waste Disposal