STATE OF SOUTH CAROLINA
State Budget and Control Board
SOUTH CAROLINA ENERGY OFFICE

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 1010
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-8030 (803) 737-9846 FAX

HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

March 16, 2004

The Honorable Mark Sanford
Governor
State of South Carolina
Columbia, South Carolina 29211

Dear Governor Sanford:

Your Nuclear Advisory Council met on December 4, 2003, at the Barnwell Low Level Radioactive Waste Disposal Site to review the responsibilities and functions of the several entities that are involved in the operation of the site. The Council minutes of the meeting were published and remain available on our website.

The Council has a growing awareness of the value of the state-owned Barnwell disposal site to South Carolina, the Atlantic Compact and indeed to America. The facility is currently the only such facility available to most of the nation for disposal of classes A, B, and C low-level radioactive waste.

Officials from the Department of Health and Environmental Control provided the Council an excellent briefing on the status of their review of the application to renew the Barnwell facility operating license. This lengthy review process is about to be completed and we expect the operating license to be renewed for another five years.

Budget and Control Board staff briefed the council on Board policies and programs for allocating limited disposal space at the facility in the best interest of the State of South Carolina. Board staff explained that, as a State-owned facility, South Carolina will bear financial responsibility for ongoing monitoring and maintenance of the site long after it is closed. These activities are estimated to cost approximately $1.5 million each year in today's dollars. We commend your request to include five million dollars in your proposed budget to begin restoring the Barnwell Extended Care Fund to its target amount of 75 million dollars.

Consistent with your budgetary proposals to improve the utilization of State resources, the state-owned disposal facility deserves its fair share of management attention. The

disposal facility has accepted approximately 27 million cubic feet of waste since it began operations in 1971. Only about 10 percent of the site's total disposal capacity remain. There is an array of competing options for use of the remaining disposal capacity at the site. Each option has implications for the State's nuclear utilities, our Compact partners, and the beneficiaries of the educational accounts that are funded by disposal revenues.

The Council strongly recommends that you and your colleagues on the Budget and Control Board give consideration to strategies that provide the maximum economic return to the State, achieve the long-term waste management objectives of the Atlantic Compact, and allocate the remaining disposal capacity in as efficient a manner as possible. This can be done best by maximizing the revenue per unit volume sold. We believe this recommendation is timely in view of the Board's consideration of disposal pricing strategies in the March and April time frame. These disposal pricing decisions will have major impacts on how the site is used.

The Nuclear Advisory Council and its Barnwell Disposal Facility Committee would be pleased to discuss this view with you or your staff at any time.

The Council appreciates the opportunity to serve you and our great state.

Sincerely,

Ben C. Rusche

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Chair, Nuclear Advisory Council