

**SMUD**SACRAMENTO MUNICIPAL UTILITY DISTRICT
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BOD 2006-118

September 1, 2006

Vicki Lee
Sierra Club, Mother Lode Chapter Conservation Chair
Pam Nieberg and Holly Bishop
Sierra Club Yolano Group Co-Chairs
Daniel Hirsch, President
Committee to Bridge the Gap
1414 K Street, Suite 500
Sacramento, CA 95814

Disposal of Radioactive Waste from Rancho Seco Nuclear Generating Station

Dear Ms. Lee and Mr. Hirsch:

Thank you for your two letters dated August 22 and 23, 2006. As President of the Sacramento Municipal Utility District Board of Directors, I appreciate your acknowledgement of the District's long-standing commitment to protecting the environment and public health. I can assure you that the District is committed to the safe disposal of low-level radioactive waste from the decommissioning of the Rancho Seco Nuclear Generating Station.

Regarding the issue of the proposed contract disposal of low-level radioactive waste from the Rancho Seco Reactor Building, I have been informed by General Manager Jan Schori that District staff has sent letters to the proposed vendors notifying them that the District intends to withdraw its Notice of Proposed Contract Award and to open negotiations with the two short-listed vendors (Duratek and Washington Group International), subject to the following change in the scope of services requested. The revised scope of services will include the demolition, packaging, and transportation of low-level radioactive waste, but will no longer include the disposal of such materials removed from the Reactor Building for purposes of permanent disposition. Instead, the District will negotiate with the owner of the Clive, Utah disposal site mentioned in your letter. The owner of the Utah site is EnergySolutions, Inc, who coincidentally purchased Duratek, Inc., earlier this year, and with whom the District already has an agreement for disposal of low-level radioactive wastes.

Board of Directors

DISTRICT HEADQUARTERS • 6201 S Street, Sacramento CA 95817-1899

September 1, 2006

I trust that the District's proposed actions fully satisfy the concerns addressed in your letter. If you have questions regarding this matter, please contact the District's Chief Assistant General Counsel, Steve Cohn, at (916) 732-6121.

Sincerely,

A handwritten signature in black ink that reads "Genevieve Shiroma". The signature is written in a cursive style with a long horizontal flourish at the end.

Genevieve Shiroma
President
Board of Directors

cc:
Corporate Files
SMUD Board of Directors
Jan Schori
Steve Cohn