



Westinghouse Electric Company
Hematite Decommissioning Project
3300 State Road P
Festus, MO 63028
USA

Via Federal Express

Glenn L. Copeland
Senior Right of Way Specialist
St. Louis Metro District
Missouri Department of Transportation
1590 Woodlake Drive
Chesterfield, MO 63017-5712

Direct tel: (314) 810-3375
Direct fax: (636) 937-6380
Email: harriskm@westinghouse.com

Our ref: HEM-08-90
Date: September 12, 2008

Re: September 9, 2008 Offer to Enter Into Mediation

Dear Mr. Copeland:

Westinghouse Electric Company LLC (Westinghouse) has received your offer to enter into mediation with respect to the Missouri Department of Transportation (MoDOT) request to acquire Permanent Drainage Easements (Easements) on a portion of Westinghouse's property located at 3300 State Road P in Festus, Missouri. As indicated in our previous communications with MoDOT regarding the Easements, Westinghouse does not object to granting the Easements to MoDOT and was prepared to do so, subject to confirmation that the locations of the Easements had not been impacted by site operations and subject to any necessary regulatory approvals.

However, recent events appear to preclude Westinghouse from granting the Easements at this time. As you know, the operations at the site were conducted subject to a license issued by the United States Nuclear Regulatory Commission (NRC) and the site is still subject to that License. In recent discussions with the NRC, we have been advised that soil excavation cannot be conducted on the site until a license amendment authorizing such work is issued by the NRC.

Westinghouse is in discussions with the NRC to define areas of the site in which soil excavation can be conducted without a license amendment. At this time, we do not know when those discussions will be concluded. Further, we do not believe that Westinghouse is in a position to transfer the subject areas of the property or grant an easement absent approval from the NRC.

We understand that the improvements to Route P are important. While we do not believe that Westinghouse can grant the easement at this time, we do not believe that initiation of a condemnation action at this time would be the best or expeditious way to resolve this issue. Therefore, we plan to finalize discussions of this issue with the NRC to determine whether there is an approach which would accommodate MoDOT's desire to acquire the Easements at this time.

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We will update you after we have spoken with the NRC.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kevin M. Harris". The signature is fluid and cursive, with the first name "Kevin" and last name "Harris" clearly distinguishable.

Kevin M. Harris
Environmental Engineering Manager,
Hematite Decommissioning Project

Cc: E. Kurt Hackmann (Westinghouse)
J. J. Hayes (USNRC)
G. M. McCann, (USNRC Region III)