



October 26, 2009

BD09-0016

Andrew Reese, Deputy Attorney General
New Jersey Division of Law
25 Market Street
P.O. Box 112
Trenton, NJ 08625-0112

Subject: Confirmation of Proposal for Site Cleanup and Off-Site Disposal at the Shieldalloy Metallurgical Corporation Site in Newfield, New Jersey

Dear Mr. Reese:

Pursuant to your request, attached is EnergySolutions previous written offer to remove the radioactive waste from the slag piles at the Shieldalloy Metallurgical Corporation (SMC) Site (Site) in Newfield, New Jersey. The offer specifically included all services to perform removal, transportation, and disposition of the waste on a turnkey basis. The waste will be directly loaded into covered railcars on the project site.

EnergySolutions price included a mobilization fee to cover fixed startup costs associated with refurbishing the railway and installation of required infrastructure. The price to remove, transport, and dispose of the waste was provided on per railcar basis due to the varying estimates on waste volume that result from a lower cleanup criteria. EnergySolutions price offered in the September 24, 2008 letter is valid with an annual escalation of five percent. For example, assuming 100,000 tons of waste are removed from the site and shipped for disposal in 2010, EnergySolutions price to perform the scope of work is approximately \$45 million. This estimate is based on 1,000 railcar shipments plus the one time mobilization fee to cover startup costs and railway refurbishment. The estimate does not include final site decommissioning and any contingency required by regulatory agencies.

After learning more about the site, EnergySolutions believes in an alternative approach that assures public health and safety while significantly reducing the cleanup costs. We believe our alternative approach merits immediate consideration from New Jersey Department of Environmental Protection as our observations suggest differing viewpoints on cost, safety, and long term environmental considerations at the Site have prevented reclamation thus far.

The Shieldalloy Site slag contains over 95 percent of the radioactivity and therefore removal of the slag will result in a significant risk reduction at the Site. Other materials at the Site are much lower in concentration and do not pose health or safety concerns given the future industrial use of the Site. By removing 95 percent of the radioactivity, EnergySolutions estimates that the project costs could be less than \$28 million. EnergySolutions would then release the site for future industrial use using proven regulatory and technical guidance that secures future industrial benefit at the Site. This approach would be subject to discussions and regulatory approval by the State of New Jersey.

We appreciate the opportunity to assist the State of New Jersey in the cleanup of the Shieldalloy Site. Please contact me at (303) 882-1901 if you have any questions or require further clarification.

Sincerely,

Christopher J. Massey
Sr. Vice President, Commercial BD

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F/8

ATTACHMENT

**September 24, 2008 Pricing Letter from EnergySolutions to
Ecology and Environment, Inc./U.S. Nuclear Regulatory Commission**



September 24, 2008

Ms. Jacquelyn C. Gillings
Ecology and Environment, Inc.
368 Pleasant View Drive
Lancaster, NY 14086

Re: Update to Proposal for Site Cleanup and Off-Site Disposal – SMC

Ref: Proposal for Site Cleanup and Off-Site Disposal, Rafati to Smith, Oct 9, 2006

Dear Ms. Gillings,

Pursuant to Ecology and Environment Inc. (E&E) recent request on behalf of the Nuclear Regulatory Commission (NRC) for an updated and publicly available price letter for the radioactive slag, dirt, and ash (Subject Material) at the Shieldalloy Metallurgical Corporation (SMC) Site in Newfield, New Jersey, we are providing the following information for your consideration.

EnergySolutions has reviewed SMC's Decommissioning Plan (Revision 1a, dated June 30, 2006) and has determined the Subject Material is acceptable at EnergySolutions licensed low level radioactive waste disposal facility. Further, EnergySolutions possesses the infrastructure and experience necessary to complete remediation of the Subject Material in a safe, efficient, and economical manner on a turnkey basis.

EnergySolutions price and scope exhaustively includes all services necessary to perform the remediation, transportation, and disposition the Subject Material including but not limited to, establishing site security, use of EnergySolutions approved radioactive material handling procedures, NRC mobile license, any and all permits and fees including consultation with New Jersey officials and the public, all excavation, labor and health physics oversight, upgrading rail infrastructure, rail equipment, transportation, and disposal. That means the piles as they sit right now will be gone without any additional cost or third party contractor involvement.

Our safety and environmental stewardship record is second to none. EnergySolutions safely and efficiently manages over 500,000 tons of radioactive waste annually. Recently, EnergySolutions surpassed three million man hours without a lost time work incident. In order to protect the Newfield community, EnergySolutions will utilize an

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environmental barrier at the site, will not crush or otherwise pulverize any of the Subject Material prior to transport, and will utilize lidded IP-1 gondola railcars for transportation purposes. A photo of the lidded railcars is attached hereto. Our environmental protection barrier will be constructed for temporary use during the project consistent with standard industrial practices in order to protect against airborne particle migration. After use, the barrier will be loaded into the railcars and shipped for disposal in the same manner as the Subject Material.

The current transportation route of choice takes the railcars from Newfield on a direct course West through Pennsylvania, to Chicago, and finally on to Clive, Utah. A map is attached for your easy reference. EnergySolutions average load out rate will be ten railcars per working day, five days per week, and ten hours per day with an average twenty-two full time employees. Railcars will depart SMC ten at a time and would likely travel all the way to Clive in the same manner. In the event the project proceeds uninterrupted with support from the various regulatory agencies our current operational plan indicates a start to finish duration of six to seven months. This plan includes installation of weigh scales, rail upgrades, mobilization, and demobilization. Unanticipated regulatory delays and/or force majeure events generally extend a project's duration by an amount of time equal to the event.

Based from information supplied to EnergySolutions by E&E, we understand two scenarios exist for calculating the total tonnage of Subject Material. Total tonnage ranges from 89,000 tons on the low end, to 130,000 tons on the high end. EnergySolutions price is offered such that once our mobilization fee is paid, the fixed costs are covered, and SMC may direct EnergySolutions to remediate any quantity of tonnage it deems appropriate.

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|----|---|-------------------------|
| A. | One time mobilization fee | \$2,800,000.00 |
| | <ul style="list-style-type: none">• The mobilization fee covers startup costs including refurbishing railway and installation of required infrastructure. | |
| B. | Subject Material cleanup, transportation, and disposal | \$39,605.00 per railcar |
| | <ul style="list-style-type: none">• Includes all aforementioned services necessary to achieve disposal | |

Note: Based from actual density measurements as performed by SMC at the request of EnergySolutions, the "as is" density of slag material is 110 pounds per cubic foot. The "as is" density of soil is assumed to be consistent because soil is largely commingled with slag. These considerations yield an in place mass of 79,000 tons on the low end and 99,000 tons on the high end which creates a material difference in the quantity of required railcars. The "as is" mass is the relevant measurement methodology because it



ultimately determines the required quantity of railcars. In this case, railcars will be weight limited rather than volume limited at 105 tons net waste weight per railcar.

In submitting pricing EnergySolutions assumes there have been no material changes to the infrastructure at the site since our letter dated October 9, 2006. Additionally, that the project would commence within one year from the date of this letter and the price of oil does not exceed \$110.00 per barrel. As you are aware, the cost of remedial activities never goes down, it only goes up, as such we are willing to update our price as needed.

As mentioned above, our proposal exhaustively includes all activities necessary to achieve the end state criteria inclusive of our rigorous safety and environmental protection programs. We employ a robust interactive open book policy when dealing with the various regulatory agencies and the public. As always, our customer, in this case SMC, is a welcome source of input and generally acts in an oversight role. Customer oversight generally consists of a single project manager whom intermittently surveys operational progress and reviews a weekly project status report.

This letter may be provided to interested parties requesting a clear understanding of the cost. We appreciate the opportunity to be of service to SMC, E&E, and the NRC. In the event you have any questions or require further clarification please don't hesitate to contact me.

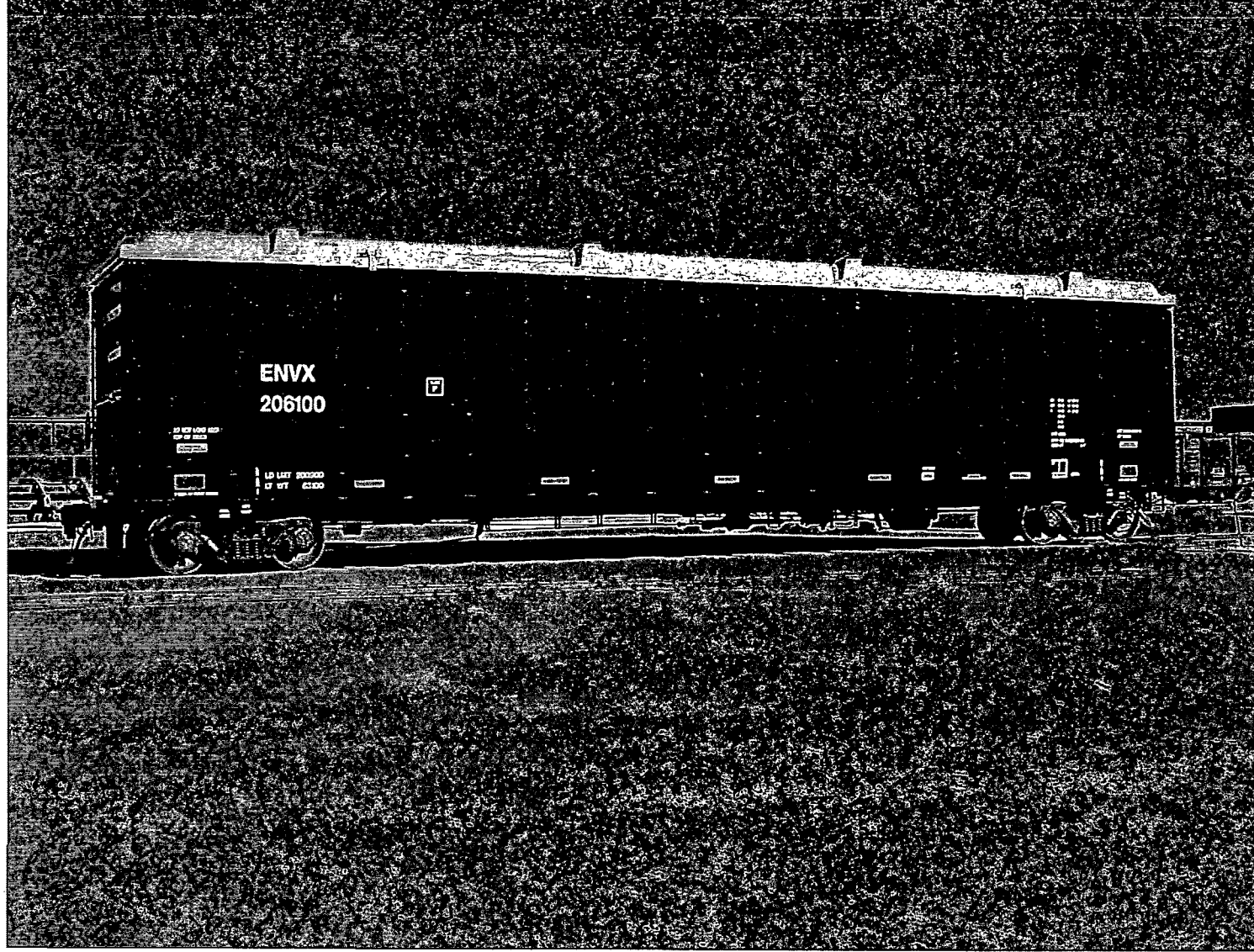
Sincerely,

A handwritten signature in black ink, appearing to read "B. Melchior", written over a light gray textured background.

Bryan Melchior
Vice President
EnergySolutions, Inc.

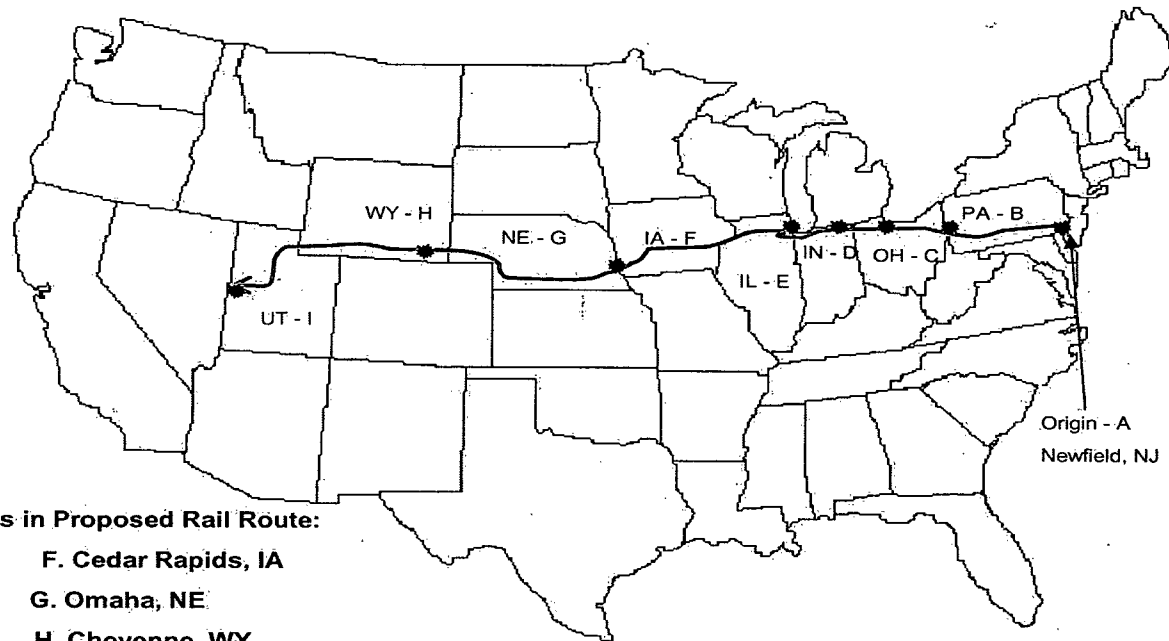
ENERGYSOLUTIONS

LIDDED GONDOLA RAILCAR



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SHIELD ALLOY – NEWFIELD, NJ
 Gondola Railcar Shipments
 Typical Rail Route



Major Communities in Proposed Rail Route:

- | | |
|-----------------|---------------------|
| A. Newfield, NJ | F. Cedar Rapids, IA |
| B. Conway, PA | G. Omaha, NE |
| C. Willard, OH | H. Cheyenne, WY |
| D. Elkhart, IN | I. Clive, UT |
| E. Chicago, IL | |