



## Department of Energy

Bonneville Power Administration  
Mail Drop 1399  
P.O. Box 968  
Richland, Washington 99352-0968

POWER SERVICES

May 15, 2012

In reply refer to: PGC/Richland

Mr. D. K. Atkinson, Vice President  
Employee Development/ Corporate Services  
Energy Northwest M/D PE 03  
P. O. Box 968  
Richland, WA 99352-0968

Dear Mr. Atkinson:

In reference to your letters, "Contract 335903 with U.S. Department of Energy for the Transfer of Depleted Uranium Hexafluoride and Storage of Low Enriched Uranium," "Contract 335900 with United States Enrichment Corporation (USEC) for Enrichment Services" and "Contract 335901 with the Tennessee Valley Authority for Sale of Uranium and Enrichment Services" all dated May 7, 2012, and received electronically on May 7, 2012, the Bonneville Power Administration (BPA) does not disapprove execution of the proposed contracts.

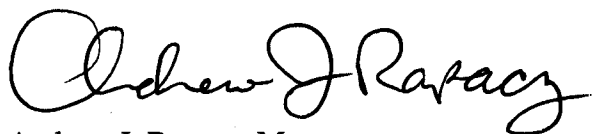
The proposed action would authorize Energy Northwest (EN) to execute contracts with:

- The Department of Energy (DOE) (C335903) for the delivery of depleted uranium hexafluoride (DUF<sub>6</sub>), pickup of residual DUF<sub>6</sub>, and pickup and storage of low enriched uranium (LEU) for a not to exceed amount of \$5.0 million.
- A second contract with the USEC (C335900) to supply 4,440,000 separative work units (SWU) to help produce approximately 482 MTU of 4.4% enriched uranium from DOE supplied DUF<sub>6</sub>. The total cost of this contract is not to exceed \$706.0 million.
- A third contract with the Tennessee Valley Authority (TVA) (C335901) for the sale of SWU and uranium contained in LEU over EN fiscal years 2015-2022 for an amount of approximately \$732.0 million.

BPA and EN have cooperated and worked together closely as this tails program has been developed. As the program is now implemented, this cooperation and communication will need to continue as decisions are made regarding funding and financing. Our desire is to work together to solve problems that may impact financing and/or cash flows. To facilitate this working relationship, we request that for the duration of the USEC contract, you provide BPA with a timely monthly summary of the program status, including but not limited to delivery schedules, cylinder deliveries, processing, loading, payments, etc., as well as information regarding any issues that have arisen. We request that a similar program summary be provided for the TVA contract on a quarterly basis for the duration of that contract.

BPA wishes to thank EN and its staff for the diligent work that has gone into developing and implementing this proposal. The results will provide a long term benefit to ratepayers of the Pacific Northwest through reduced nuclear fuel costs.

Sincerely,

A handwritten signature in black ink that reads "Andrew J. Rapacz". The signature is written in a cursive style with a large initial "A".

Andrew J. Rapacz, Manager  
Contract Generating Resources

cc:

Ms. Lynne A. Pagel, Energy Northwest - PE10  
Ms. Linda M. Parrella, Energy Northwest - PE10  
Mr. Scott M. Praetorius, Energy Northwest - PE10

bcc:

Official File – PGC (PM-14-23) (Columbia)

ERMS: <http://bpaweb/services/erms/PM/14/23/PGC%20Records/Forms/AllItems.aspx>

PEBentrup:dc:5348:05/15/12 (W:\Office\Briefing Papers\CY 2012 papers\A C335900, CGS Uranium tails bb - final.doc)

Reviewed: <sup>PEB</sup> As for 5/15/12  
PEB/date