



The Secretary of Energy
Washington, DC 20585

November 14, 2017

The Honorable John Shimkus
Chairman, Subcommittee on Environment
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your continued support to help resolve the long-standing dilemma related to the disposal of the Nation's commercial spent nuclear fuel (SNF) and defense high-level radioactive waste. I look forward to working with you to overcome the many challenges we face in resolving this issue. This is in response to your August 21, 2017, letter requesting information regarding the calculation of the estimate of the United States Government's liability related to spent nuclear fuel (SNF) litigation provided in the Department of Energy (DOE) annual Agency Financial Report (AFR).

1. Brief Committee staff on the underlying assumptions that have justified DOE's previous liability estimates, including shipping acceptance rates, availability of transportation infrastructure, and program management.

Answer: As requested, the DOE Office of the Chief Financial Officer will schedule a meeting to brief Committee staff on the specific assumptions and methodology used to calculate the SNF liability.

2. Include in the consolidated and combined financial statements, submitted as part of DOE's FY 2017 AFR:

Answer: DOE's financial statements and accompanying notes presented in the AFR must be provided in accordance with Generally Accepted Accounting Principles (GAAP) and Federal Accounting Standards Advisory Board (FASAB) Standards. The FASAB Statement of Federal Financial Accounting Standards (SFFAS) Number 5, *Accounting for Liabilities*, requires that AFR estimates be based on "a probable future outflow," and therefore, inclusion of estimated liability scenarios in the AFR would not be consistent with the FASAB standard.

Accordingly, the answers below are unaudited, simplified estimates of potential liability for the scenarios you requested. These were not developed in accordance with the accounting standards identified above, and will not be included in the DOE FY 2017 AFR. Further, the following estimates are provided as rough order of magnitude (ROM) estimates that were not developed through the rigorous



DOE project management cost estimate process that is required in DOE Order 413.3B, Program and Project Management for the Acquisition of Capital Assets. In addition, these estimates are based on assumptions about the licensing timeframe in HR 3053 and thus do not reflect a full assessment of the bill's impacts and are not representative of full costs, savings, or liabilities. The ROM information provided in response to the following scenarios could change substantially under different analytic conditions and assumptions and should not be cited as approved estimates.

- a. The estimated liability if H.R. 3053 is enacted, including a “best case scenario” for the expeditious pursuit of the Yucca Mountain repository in coordination with consolidated interim storage facilities authorized by the legislation;**

Answer: If H.R. 3053 is enacted, and the NRC grants a construction authorization on the accelerated schedule envisioned in the bill, DOE may be able to complete construction of the permanent geologic repository sooner than if the legislation had not passed. If that were to occur, DOE may be able to accelerate the schedule for receiving SNF which, in turn, could help reduce taxpayer liabilities. This scenario, which differs from the existing statute, requires making assumptions about future activities and is inherently uncertain.

Under this scenario, DOE would begin accepting SNF in 2029 and ROM estimated total taxpayer liability would be \$32.7 billion. After deducting the amount paid of \$6.9 billion as of September 30, 2017, the remaining liability is estimated to be approximately \$25.8 billion.

- b. The estimated liability if new legislation is not enacted, but DOE opened the Yucca Mountain repository in a reasonable timeframe;**

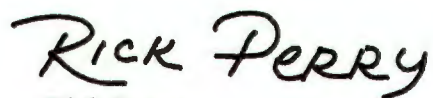
Answer: If H.R. 3053 is not enacted, it would be reasonable to assume that the NRC's issuance of a construction authorization license for the geologic repository would require an additional 1.5 years. Under this scenario, DOE's first acceptance of SNF would be delayed to 2030, and ROM estimated total taxpayer liability would be \$33.6 billion. After deducting the amount paid of \$6.9 billion as of September 30, 2017, the remaining liability is estimated to be approximately \$26.7 billion.

- c. A “no action” scenario in which no legislation is enacted for interim storage and there is no further appropriation provided to develop a permanent repository.**

Answer: DOE's first acceptance of SNF would be delayed and therefore estimated total taxpayer liability would be indeterminate.

Mr. Chairman, I want to again express my thanks for your support in helping to resolve the nuclear waste dilemma. Should you have any questions or need additional information concerning this matter, please contact Mr. Marty Dannenfelser, Deputy Assistant Secretary for House Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, slightly stylized font.

Rick Perry

cc: The Honorable Jeff Sessions, Attorney General
U.S. Department of Justice

The Honorable Frank Pallone, Jr., Ranking Member
Committee on Energy and Commerce

The Honorable Paul Tonko, Ranking Member
Subcommittee on Environment