



Department of Energy
Washington, DC 20585

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SEP 25 2003

QA:NA

PERMANENT

Mr. Steve Redeker
Manager, Plant Closure & Decommissioning
Sacramento Municipal Utility District
P.O. Box 15830
Sacramento, CA 95852-1830

Dear Mr. Redeker:

This letter is in response to your letter of June 16, 2003. As we have discussed previously, it remains the Department's position that multi-assembly storage and transport systems for spent fuel are not covered by the Standard Contract between the Department and Sacramento Municipal Utility District (SMUD). As a result, absent a contract modification, spent fuel stored in such a canister is not presently an acceptable waste form. As your letter states, the Department had indicated in the past its willingness to initiate the actions to include such systems under the terms of the Standard Contract. The Department believes that the best approach is to pursue an overall modification to the Standard Contract, which would include several issues, including acceptance of multi-assembly systems. Unfortunately, due to ongoing litigation between SMUD and the Department, the Department's ability to proceed with any contract modification is limited.

Any initiative to modify the Standard Contract to include canistered material as an acceptable waste form would need to take into account the capability of the waste handling facility at the planned repository. Currently, the design of the waste handling facility at the planned repository is not final. The Department intends to submit a license application to the U.S. Nuclear Regulatory Commission for the Yucca Mountain facility in December 2004. At that time, the Department will be in a better position to discuss these contract modifications, including those for canister based storage and transportation systems. Regarding the litigation referenced above, any initiative to modify SMUD's contract would need to be done so that the appropriate precautions have been taken so as to not adversely effect either party's litigation position.

If you have any questions concerning this matter, please call me on (202) 586-9198, or Tom Pollog on (202) 586-4153.

Sincerely,

Signature on File

David K. Zabransky
Contracting Officer
Office of Systems Analysis and
Strategy Development
Office of Civilian Radioactive
Waste Management

cc:

B. Jones, SMUD