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DNF SAFETY BOARD

July 11, 2011

Dr. Peter S. Winokur
Chairman, Defense Nuclear
Facilities Safety Board
625 Indiana Avenue NW, Suite 700
Washington, DC 20004-2901

Dear Dr. Winokur:

I would like to update you on the progress Savannah River Remediation is making on Saltstone Production and MCU throughput against our September 2010 Plan.

Saltstone Production

Approximately one year ago (Summer/Fall 2010), extraordinary attention was focused on the SRS Saltstone facility because we had experienced six unexpected grout line pluggage events during the preceding 18 months. These events required extensive downtime for recovery. At the same time, we were moving forward with plans to expand future projected annual salt treatment capacity by over 50% to achieve significant lifecycle acceleration. In September 2010, SRR published a "Saltstone Transformation Plan", which described the path forward to provide the expanded Saltstone production capability needed to reliably support the increased demand included in the Enhanced Tank Waste Strategy. The plan includes various physical modifications to the plant to expand capacity and improve reliability, coupled with increased staffing to support full around-the-clock continuous operations. The physical modifications are planned in two phases: (1) mixing and transfer system upgrades to be completed by mid-2012, and (2) dry feed system upgrades to be completed by mid-2013. Full 24/7 staffing is planned to be in place prior to planned SWPF startup in late 2014.

The current average annual demand for Saltstone Production is 1.5 million gallons, and will remain so through 2013. With the startup of small column ion exchange (SCIX) in late 2013, the Saltstone Production demand in 2014 will be 4.5 million gallons. With the further addition of SWPF startup in late 2014, the Saltstone Production demand in 2015 will be 8 million gallons. With the projected throughput improvement from the next generation solvent deployment in SWPF in late 2015, the annual Saltstone Production demand in 2016 and subsequent years will be 12 million gallons per year. The Saltstone Transformation Plan includes several "demonstration runs" after completion of the physical modifications mentioned above. The purpose of these "demonstration runs" is to provide operational verification of the expected capacity/reliability improvements well in advance of the schedule for increased demand driven by the Enhanced Tank Waste Strategy.

The first step increase in demand will be in 2014. The first "demonstration runs" are planned for 2012.

The "very encouraging" quality of the record June 2011 Saltstone Production of over 500,000 gallons (with one week at a record of over 235,000 gallons) is that such throughput would equate to average annual

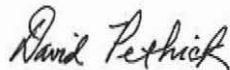
production of 6 million gallons versus an increase in demand in 2014 from 1.5 up to 4.5 million gallons. Also, this June 2011 production was attained prior to installation of planned physical modifications and with day shift only operation. (It should also be noted that since Fall 2010, no grout line pluggage events have occurred in the Saltstone Facility, due to implementation of improved process control and instrumentation.) This recent production attainment will not deter us from full implementation of the planned Saltstone improvements, but does provide increased confidence that Saltstone Production capacity will be reliably delivered well in advance of the projected demand.

MCU Throughput

Since startup in 2008, MCU has met Program requirements for technology transfer to SWPF and for interim salt waste processing. The Enhanced Tank Waste Strategy calls for deployment and demonstration of the next generation solvent at MCU in 2012 to provide the needed operational verification for confidence in projected future performance in SWPF. This planned deployment and subsequent "deliberate" operations in MCU to gather performance data will require process outages and periods of limited throughput at MCU in 2012. The "very encouraging" quality of the record May/June 2011 MCU throughput of over 265,000 gallons is that such average throughput in 2012 would more than fully support the Enhanced Tank Waste Strategy demand of 900,000 gallons of interim salt processing while allowing for the required outage and limited throughput "deliberate" operations period to gather the next generation solvent performance data.

There is much yet to demonstrate for 2012 to 2016 performance requirements and I can assure you that senior management attention is focused on achieving our plan and commitments. I will continue to update you as progress is made with respect to both Saltstone and MCU production increases.

Sincerely,



Dave Pethick
Group General Manager
Global Management & Operations Service

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