STATE OF SOUTH CAROLINA

(Caption of Case)
In re: Application of Chem-Nuclear Systems, LLC, for Adjustment in Levels of Allowable Costs and for Identification of Allowable Costs (FY 2009-2010)

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2000 - 366 - A

(Please type or print)

Submitted by: Robert T. Bockman, Esquire
Address: McNair Law Firm, P.A.
Post Office Box 11390
Columbia, South Carolina 29211

SC Bar Number: 000747
Telephone: 803-799-9800
Fax: 803-732-3219
Other:
Email: bbockman@mcnair.net

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
☐ Electric	☐ Affidavit	☐ Letter	☐ Request
☐ Electric/Gas	☐ Agreement	☐ Memorandum	☐ Request for Certification
☐ Electric/Telecommunications	☐ Answer	☐ Motion	☐ Request for Investigation
☐ Electric/Water	☐ Appellate Review	☐ Objection	☐ Resale Agreement
☐ Electric/Water/Telecom.	☐ Application	☐ Petition	☐ Resale Amendment
☐ Electric/Water/Sewer	☐ Brief	☐ Petition for Reconsideration	☐ Reservation Letter
☐ Gas	☐ Certificate	☐ Petition for Rulemaking	☐ Response
☐ Railroad	☐ Comments	☐ Petition for Rule to Show Cause	☐ Response to Discovery
☐ Sewer	☐ Complaint	☐ Petition to Intervene	☐ Return to Petition
☐ Telecommunications	☐ Consent Order	☐ Petition to Intervene Out of Time	☐ Stipulation
☐ Transportation	☐ Discovery	☒ Prefiled Testimony	☐ Subpoena
☐ Water	☐ Exhibit	☐ Promotion	☐ Tariff
☐ Water/Sewer	☐ Expedited Consideration	☐ Proposed Order	☐ Other:
☒ Administrative Matter	☐ Interconnection Agreement	☐ Protest	
☐ Other:	☐ Interconnection Amendment	☐ Publisher's Affidavit	
	☐ Late-Filed Exhibit	☐ Report	

MCNAIR
ATTORNEYS

Robert T. Bockman

bbockman@mcnair.net
T (803) 799-9800
F (803) 753-3219

March 18, 2010

Jocelyn Boyd, Esquire
Interim Chief Clerk and Administrator
South Carolina Public Service Commission
Post Office Box 11649
Columbia, South Carolina 29211

Re: *Application of Chem-Nuclear Systems, LLC*
(SCPSC Docket No. 2000-366-A) (2009-2010 Proceeding)

Dear Ms. Boyd:

Please find enclosed for filing the original prefiled direct testimony of James W. Latham, filed on behalf of Chem-Nuclear Systems, LLC. By copy of this letter and by certificate of service of service, I am serving a copy on all counsel of record.

Should you have any questions with respect to this filing, please do not hesitate to contact me.

Very truly yours,

Robert T. Bockman

Robert T. Bockman

Enclosures

cc: The Honorable Henry Dargan McMaster (w/encl.)
The Honorable C. Earl Hunter (w/encl.)
Frank R. Ellerbe, III, Esquire (w/encl.)
Derrick K. McFarland (w/encl.)
Jeffrery M. Nelson, Esquire (w/encl.)
Bonnie D. Shealy, Esquire (w/encl.)
Mr. Dan F. Arnett (w/encl.)

McNair Law Firm, P. A.
The Tower at 1301 Gervais
1301 Gervais Street, 11th Floor
Columbia, SC 29201

Mailing Address
Post Office Box 11390
Columbia, SC 29211

mcnair.net

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 2000-366-A

(Year 2009-2010 Proceeding)

DIRECT TESTIMONY

OF

JAMES W. LATHAM

for

CHEM-NUCLEAR SYSTEMS, L.L.C.

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is James W. Latham. My business address is 740 Osborn Road, Barnwell, South Carolina. I am employed by Chem-Nuclear Systems, LLC ("Chem-Nuclear"), a wholly- owned subsidiary of Duratek, Inc. which is, in turn, a wholly owned subsidiary of Energy*Solutions,* LLC. I am Chem-Nuclear's President and, concurrently. its Vice President for Barnwell Operations. As Vice President for Barnwell Operations, I am responsible for the safe and proper disposal of low-level radioactive waste received at the disposal facility in accordance with the company's South Carolina Radioactive Material License. I am also responsible for management, supervision and administration of disposal operations personnel, equipment and buildings. I am frequently a key point of contact between the company and local community leaders and members of the public. I have been in my current operations position in Barnwell since July 1996.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from the United States Naval Academy with a Bachelor of Science degree. I served in the United States Navy for twenty years in various assignments associated with nuclear powered submarines. I have worked for Chem-Nuclear since 1989. From 1989 to 1991, I was a project manager planning and directing field projects for Chem-Nuclear. I was assigned to Chem-Nuclear's new disposal site development office in Harrisburg, Pennsylvania, from 1991 to 1996. During my five years in the Pennsylvania Project Office, I held a number of positions including engineering director, deputy project manager, and acting project manager. I have been at Chem-Nuclear's disposal facility in Barnwell since July 1996, first as General Manager for Disposal Operations and then as Vice President for Barnwell Operations. I was assigned the concurrent position of Chem-Nuclear's President in August 2006.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE PULIC SERVICE COMMISSION?

A. I previously provided testimony at Public Service Commission proceedings regarding disposal site allowable costs in 2002, 2005, 2006, 2007, 2008 and 2009.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony will provide information to the Commission about the disposal site and facility operations as those matters relate to disposal of low-level radioactive waste at the disposal facility located in Barnwell County, South Carolina. I will provide a brief background on the general process we have used in this proceeding for identifying the allowable costs associated with our low-level radioactive waste disposal business. I

have included an Amended Application for identification of allowable costs as an exhibit to my testimony. I will explain the differences between this Amended Application and the original Application we submitted in September 2009. The Amended Application reflects the agreements we have reached with the Office of Regulatory Staff (ORS) during their audit of our allowable costs. Each year, ORS conducts a detailed audit of our accounting records. My testimony will also focus on the principal differences in categories of costs between costs we actually incurred in Fiscal Year 2008-2009 and the estimated costs identified in Commission Order 2009-371. We are seeking adjustments to the fixed costs and disposal vault costs incurred in Fiscal Year 2008-2009. Finally, my testimony will summarize the costs we are requesting the Commission to identify as allowable for Fiscal Year 2009-2010.

Q. PLEASE DESCRIBE THE DISPOSAL SITE.

A. Chem-Nuclear operates a low-level radioactive waste (LLRW) disposal facility located approximately five miles west of the City of Barnwell in Barnwell County, South Carolina. The closest municipality to the disposal site is the Town of Snelling. Chem-Nuclear has operated the disposal site since 1971 continuously with no interruptions or regulatory shutdowns. How we operate today has evolved over thirty-nine years. We are proud of what we have learned and we are proud of our safety record.

The disposal site comprises approximately 235 acres of property owned by the State of South Carolina and leased by Chem-Nuclear from the South Carolina Budget and Control Board. The 235-acre licensed disposal area is divided into different use categories including active trenches, completed trenches, potential trench areas, and ancillary facility, water management and buffer zone areas. Approximately 119 acres of multi-layer earthen

caps consisting of layers of compacted clay, bentonite, high-density polyethylene, sand, cover soils, top soils and shallow-rooted vegetation (grasses) have been installed on completed trenches.

The disposal site could not be operated successfully without an experienced and talented group of employees. They are critically important to the safe and compliant operation of the disposal site. Many of Chem-Nuclear's employees at the disposal site have been with the company for twenty years or more. Attracting and retaining high quality, well-motivated personnel is an integral part of successful, safe and regulatory compliant disposal of LLRW. During Fiscal Year 2008-2009, as part of the transition to a smaller routine volume disposal site operation, we reduced the number of employees assigned to the disposal site. We were able to reassign some employees to other business units in the company and, for other reductions, we used a process that included screening employees and identifying those to be terminated with severance pay.

Q. PLEASE DESCRIBE THE DISPOSAL SITE OPERATIONS IN FISCAL YEAR 2008 – 2009, INCLUDING CHANGES FROM PREVIOUS YEARS' OPERATIONS.

A. Starting on July 1, 2008, and continuing this fiscal year, the disposal site has been accepting waste exclusively from generators in the three Atlantic Compact States. As part of the transition to this smaller routine disposal volume operation, the disposal site also completed a number of activities associated with Phase I decommissioning. Phase I decommissioning activities included installation of three phases of multi-layer earthen caps on completed trenches, demolition of three large buildings and two smaller structures located within the restricted area of the disposal site, and completion of performance objective verification studies and reports. The Phase I decommissioning activities are paid

from the decommissioning trust fund and costs for these activities are not part of this proceeding. Some of the continuing costs associated with maintenance, monitoring and control of those parts of the disposal site no longer used for active disposal of waste are also paid from the decommissioning trust fund.

Q. PLEASE DESCRIBE BRIEFLY THE STATUTORY AND REGULATORY BACKGROUND FOR CHEM-NUCLEAR'S APPLICATION THAT IS THE SUBJECT OF THIS HEARING.

A. This is the tenth hearing conducted by the Commission in this docket to fulfill its responsibilities under the "Atlantic Interstate Low-level Radioactive Waste Compact Implementation Act" of 2000. As required by the Act, the Commission has held formal proceedings annually and published orders after hearings in this docket by which the Commission has identified Chem-Nuclear's "allowable costs." By that determination, as provided by the Act, Chem-Nuclear is able to recover costs it incurs for operations in the disposal of low-level radioactive waste at its Barnwell site.

Over the previous nine hearings, and as the Commission's orders demonstrate, the Commission has relied on the evidence to make numerous determinations with respect to which of our costs are to be properly considered as "allowable," and the Commission has consistently refined its decisions on the issues. As a consequence, many of the issues that the parties and the Commission addressed in previous proceedings have been resolved and the orders represent the precedents upon which we have relied in preparing our Application and evidence in this case.

Q. PLEASE EXPLAIN THE GENERAL CONCEPT THAT CHEM-NUCLEAR'S APPLICATION AND EVIDENCE EMBODY IN THIS PROCEEDING.

A. Our Application and our evidence in this case represent a similar approach to what was used in previous proceedings. That approach incorporates the separation of costs into the three categories that were identified in the Collaborative Review of Chem-Nuclear's Operations and Efficiency Plan that the Commission approved and which the Commission has directed Chem-Nuclear to use by previous orders in this Docket. Those three categories are fixed costs, variable costs and irregular costs. Our Application and evidence for Fiscal Year 2008-2009 also reflect the full use of the accounting system the Commission previously approved. That accounting system enables us to capture and track the separated costs as we incur them and incorporate the data effectively in our internal monthly data reports and in our exhibits to the Application and our evidence.

The actual data collected in the three cost categories for Fiscal Year 2008-2009 provide information to adjust the projected costs the Commission identified as allowable in Commission Order 2009-371 to reflect actual operations experience. My testimony will identify the areas where we are seeking adjustments for Fiscal Year 2008-2009.

Q. PLEASE EXPLAIN THE DIFFERENCES BETWEEN CHEM-NUCLEAR'S APPLICATION AND THE AMENDED APPLICATION PROVIDED AS AN EXHIBIT TO YOUR TESTIMONY.

A. The principal differences between the original Application and the Amended Application were in the anticipated costs for Fiscal Year 2009-2010 based on our experience during the first six months of Fiscal Year 2009-2010. The original Application and Amended Application are identical with respect to costs incurred in Fiscal Year 2008-2009. Anticipated fixed costs for Fiscal Year 2009-2010 identified in the Amended Application are $263,013 less than the fixed costs anticipated in the original application. This reduction is

primarily the result of a reduction in equipment leasing and rental costs for Fiscal Year 2009-2010, and a reduction in insurance costs and depreciation for Fiscal Year 2009-2010, offset somewhat by an increase in legal support costs.

Irregular costs in the amended application are the same as the irregular costs listed in the original Application for Fiscal Year 2009-2010.

The variable labor and non-labor rates anticipated for five categories of variable costs and the variable material costs for vaults listed in the Amended Application are also the same as those rates in our original application.

Q. PLEASE DESCRIBE THE MANNER IN WHICH CHEM-NUCLEAR TREATS "ALLOWABLE COSTS" UNDER THE REGULATORY PROCESS ESTABLISHED BY THE ACT?

A. Chem-Nuclear's method for seeking adjustments to the costs identified by the Commission in its orders is different from the regulatory treatment of other regulated entities. First of all, the Act does not provide for the Commission to determine our revenue requirements, including rate of return, based on a test year, and fix our rates or charges to enable Chem-Nuclear to recover its revenue requirements. Under the Act, the Commission is not responsible to evaluate our revenue or to fix rates and charges. The Act empowers the Commission to identify our "allowable costs," and we deduct this total (including a statutory margin applied on some costs) from the annual amount paid to the State.

At the end of each fiscal year, we compare the costs we actually incur to operate the site to the costs previously identified as allowable in the Commission's order for that year. We only use the actual costs incurred as the amount that we request the Commission to identify as allowable in the following proceeding. That means that, if we do not actually

spend as much as the Commission has allowed for a particular cost category, we then only use the actual amount spent in determining the allowable cost for Chem-Nuclear at the end of the year. If we were to spend more than the identified amount, we apply to the Commission to recover the extra cost in the subsequent fiscal year. Chem-Nuclear sometimes carries costs for a year or more until the Commission rules on our Application to recover them.

Q. PLEASE EXPLAIN HOW THE PROCESS WORKS BY USE OF AN EXAMPLE?

A. Vault cost recovery is a good illustration of the method. Each year the Commission determines variable vault cost rates for standard disposal vaults that are dependent on the number of cubic feet of waste in four classifications received at the site (Class A, Class B, Class C, and Slit Trench waste). That "variable vault cost rate" can be used to forecast the vault costs in the next year, based on the volume of waste received in each category. However, it is difficult to predict accurately by waste classification the volume and mix of waste that will be received in any given year. Therefore, the variable vault cost rate will sometimes forecast a dollar amount for vault costs that is in excess of the actual amount spent. In such cases, the actual amount spent to procure concrete disposal vaults is used to determine Chem-Nuclear's cost recovery and fee, not the higher amount forecast by the variable vault cost rate. If, as is the case this year, the situation were reversed, that is, if the vault costs exceeded the level previously identified by the Commission, Chem-Nuclear would seek to recover the additional amount that we actually spent as part of the application for allowable cost recovery for the subsequent fiscal year in the next year's Commission proceeding.

Q. PLEASE EXPLAIN HOW THE ALLOWABLE PORTION OF CORPORATE GENERAL AND ADMINISTRATIVE (G&A) COSTS IS DETERMINED.

A. There are three components to the Corporate G&A Costs identified in our application. These components and their respective allocation methods are: Corporate SG&A (total cost basis), Corporate Information Systems (IS) allocation (based on a "head count" or the number of employees assigned to each business unit), and Columbia SG&A allocation (based on the number of disposal site personnel located in the company's Columbia, South Carolina offices). The Office of Regulatory Staff again conducted a detailed audit of the pool of costs that formed the basis for Chem-Nuclear's G&A allocation to identify costs that were allowable and costs that were unallowable under the statute.

Q. WHAT ALLOWABLE COSTS ARE INCLUDED IN G&A?

A. Corporate SG&A costs are allocated to each business unit on a total cost basis. The pool of costs that forms the basis for the Corporate SG&A Allocation includes costs for Corporate Executive Management and Support, Contracts and Finance, Contracts Legal Support, Human Resources Corporate Support, Accounting Corporate Support, and Regulatory Affairs and Environmental, Safety, Health and Quality Assurance Corporate Support.

The Corporate IS costs are allocated based on the "head count" or number of employees assigned to each business unit. Columbia SG&A costs are allocated to business units based on the number of each respective business unit's employees located in the company's Columbia, South Carolina office. The total allowable Corporate G&A allocations for Fiscal Year 2008-2009 were $563,563.

Q. PLEASE DESCRIBE THE ALLOWABLE COSTS INCURRED IN FISCAL YEAR 2008-2009 AND COMPARE THOSE COSTS TO THE AMOUNTS IDENTIFIED IN COMMISSION ORDER 2009-371.

A. This part of my testimony will focus on the principal differences in categories of costs between costs we actually incurred in Fiscal Year 2008-2009 and the costs identified in Commission Order 2009-371. The actual costs incurred in Fiscal Year 2008-2009 are also listed in our Amended Application which is provided as an exhibit to my testimony. We are requesting adjustment to the fixed costs and the variable vault costs incurred in Fiscal Year 2008-2009.

Fixed Costs

Actual fixed costs incurred in Fiscal Year 2008-2009 were $277,898 more than the fixed costs identified in Commission Order 2009-371. The primary reason the fixed costs were more than the amount in the Order is the timing of when allowable costs are incurred during the year. Many of the fixed allowable costs are not incurred until the second half of the fiscal year which impacts the ability to estimate annual costs based on the first half of the year. The total fixed costs in Fiscal Year 2008-2009 were $2,838,898.

Variable Costs

Variable costs in our application consist of two parts. I will discuss variable labor and non-labor costs first and then variable material costs for concrete disposal vaults.

Variable Labor and Non-Labor Costs

Commission Order No. 2009-371 identifies variable cost rates associated with five categories of activities: disposal vault purchase, inspection and placement; handling of Class A, Class B and Class C waste shipments; slit trench offload operations; waste acceptance; and waste shipment scheduling and disposal records maintenance. Each of

these rates is associated with an independent variable (number of vaults, number of shipments buried, number of slit trench offloads, or number of waste containers buried). Actual costs of $153,521 were incurred for variable labor and non-labor expenses in Fiscal Year 2008-2009. This amount is $56,234 less than the amount calculated using the rates identified in Commission Order No 2009-371.

Variable Material (Vault) Costs

The amount of actual variable costs incurred in Fiscal Year 2008-2009 for standard disposal vaults were $791 more than the amount calculated using rates identified in Commission Order 2009-371.

Costs incurred each year for standard concrete disposal vaults are affected by a number of factors including the size and shape of waste packages received and the number and type of vaults used for routine waste disposal. Each year, variable material cost rates (in dollars per cubic foot) for concrete disposal vaults have been developed for Class A waste, Class B waste, Class C waste, and slit trench waste. The rates developed can then be used as one predictor of the cost of vaults for the following year based on the various volumes of waste received in each waste classification and slit trench waste volumes, however actual costs for the disposal vaults are known and measurable at the conclusion of the year. Actual costs of $500,401 were incurred for concrete disposal vaults used to dispose of routine shipments of radioactive waste in Fiscal Year 2008-2009.

Q. PLEASE EXPLAIN WHY AVERAGE VAULT LOADING ALONE MAY NOT BE A GOOD PREDICTOR OF VAULT COSTS.

A. Vault loading in each of the three standard concrete disposal vaults (rectangular vaults, cylindrical vaults, and slit trench vaults) may be a general indicator of vault disposal efficiency, but other factors related to the characteristics of the waste packages received

tend to have a stronger affect on the determination of vault costs per unit volume of waste. As previously mentioned, the size and shape of waste packages received affect vault loading. The package dose rates, disposal site license requirements to segregate stable and unstable wastes, handling precautions to maintain waste package integrity, and overall waste classification also affect how the vaults are loaded. From time to time, certain radioactively contaminated materials used at the disposal site for personnel protection and to control the potential spread of radioactive contamination must be disposed of in concrete disposal vaults. When possible, we try to utilize space around or adjacent to billable waste packages in the vault, however, disposal of this site-generated waste may also reduce the amount of billable waste loaded into some of the vaults.

Q. PLEASE CONTINUE WITH YOUR EXPLANATION OF ALLOWABLE COSTS INCURRED IN FISCAL YEAR 2008-2009.

A. I will continue with irregular costs.

Irregular Costs

Not all irregular costs for the year are known at the time a Commission order is issued. Irregular costs are costs incurred for projects that may not occur each year or costs for projects that occur each year but with varying costs. Each year irregular cost projects with varying costs include trench construction, site engineering and drawing updates, and other site construction projects. Examples of projects that may not recur each year are irregular component disposal, site assessments and license renewal proceedings and hearings. Total irregular costs incurred for Fiscal Year 2008-2009 were $28,408 less than the total irregular cost amount identified in Commission Order 2009-371. We are therefore requesting no adjustment in this category of costs, and we request the Commission to identify the amount

of $360,592 as allowable. Details of irregular costs for specific projects are provided in Amended Exhibit B.

Q. PLEASE DESCRIBE THE COSTS PROPOSED FOR FISCAL YEAR 2009-2010.

A. The costs proposed for Fiscal Year 2009-2010 are summarized in Amended Exhibit C. Disposal operations in Fiscal Year 2009-2010 will continue to reflect smaller routine volume disposal site operations because the disposal site will only accept waste from the three Atlantic Compact states.

Proposed Fixed Costs

The fixed labor costs (labor and fringe costs) proposed for Fiscal Year 2009-2010 and non-labor fixed costs proposed are based on actual fixed labor costs incurred in Fiscal Year 2008-2009. Insurance costs proposed for Fiscal Year 2009-2010 are based on costs incurred during the first six months of the year projected forward to the anticipated insurance premium costs for the year.

Legal expenses are anticipated to be continuing because of the license renewal appeal process and other legal matters.

Total fixed costs proposed for Fiscal Year 2009-2010 are $2,632,663.

Proposed Irregular Costs

As discussed earlier, not all irregular costs were known at the time the Application was submitted. The irregular costs identified in Amended Exhibit C are based on costs incurred during the first half of Fiscal Year 2009-2010 and activities expected in the second half of the Fiscal Year. A total of $153,000 in various irregular project costs is summarized in Amended Exhibit C to our Application.

Although disposal of four old steam generators (large components) from one of the Atlantic Compact utilities is anticipated during the second half of Fiscal Year 2009-2010, the additional irregular costs for this disposal will not be known and measurable until after the disposal is complete. Those additional costs for disposal of the old steam generators will be paid for by the utility in accordance with the approved rate schedule.

Proposed Variable Labor and Non-Labor Cost Rates

The variable labor and non-labor cost rates proposed for Fiscal Year 2009-2010 are based on rates identified in Commission Order 2009-371 plus a nominal inflation rate of two percent. The amount of waste received during the six months from July 2009 through December 2010 was too small to allow a meaningful rate development. The independent variable parameter used in each of the variable projects is the same as parameters used since 2003 in proceedings in this matter. Each of the variable cost projects is considered separately based on the different independent variable parameters. The number of units of independent variable used in each project will vary from year to year generally proportional (but not in a linear relationship) with the amount of waste received. The variable cost rates developed are shown in our Amended Application Exhibit C as the proposed variable labor and non-labor costs for Fiscal Year 2009-2010.

Proposed Variable Material (Vault) Cost Rates

Rates for concrete disposal vaults are calculated based on the volume of each waste classification disposed and the cost of vaults used for disposal of that waste. The actual volume of waste in each type of disposal vault, of course, depends on a number of other factors including the size, shape and material composition of waste packages received, dose rates measured on the waste packages received, and the mix of waste received between the

various waste classifications. The variable cost rate for concrete disposal vaults is expressed in dollars per cubic foot of each major classification of waste (Class A, Class B, Class C, and Slit Trench waste).

The Amended Application (Amended Exhibit C) provides variable cost rates for concrete disposal vaults expressed in dollars per cubic foot of each major classification of waste (Class A, Class B, Class C, and Slit Trench waste). The rates provided in Amended Exhibit C are based on rates identified in Commission Order 2009-371 with a nominal inflation rate of two percent.

Q. PLEASE EXPLAIN DIFFERENCES IN SLIT TRENCH OPERATIONS IN FISCAL YEAR 2008-2009 COMPARED TO PREVIOUS YEARS AND HOW THAT AFFECTS THE ANTICIPATED VARIABLE COST RATE FOR VAULTS.

A. In July 2008, three horizontally offloaded casks were offloaded at Slit Trench 36. There were no additional horizontally offloaded casks for slit trench offloads for the remainder of Fiscal Year 2008-2009.

One of the shipments offloaded in July was in an FSV cask. That reduced the average waste volume per slit trench vault to about 42.27 cubic feet per vault. This lower average vault volume increases the slit trench variable rate per cubic foot for vault costs. The dose rates and radioactive material activity levels involved in the slit trench operation require placement of only one liner (radioactive waste package) per vault. The anticipated variable cost rate for slit trench vaults is shown in Amended Exhibit C.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes it does.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

Docket No. 2000-366-A

IN RE: Application of Chem-Nuclear Systems, LLC, a Subsidiary of Energy Solutions for Adjustment in the Levels of Allowable Costs and for Identification of Allowable Costs (FY 2009-2010 Proceeding)	)	**CERTIFICATE OF SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the prefiled Direct Testimony of James W. Latham upon the following parties of record by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and properly affixed thereto, and addressed as follows:

The Honorable Henry Dargan McMaster
Attorney General
State of South Carolina
Post Office Box 11549
Columbia, South Carolina 29211

The Honorable C. Earl Hunter
Commissioner
SCDHEC
2600 Bull Street
Columbia, South Carolina 29201

Frank R. Ellerbe, III, Esquire
Robinson McFadden & Moore, PPC
Post Office Box 944
Columbia, South Carolina 29202

Bonnie D. Shealy, Esquire
Robinson McFadden & Moore, PPC
Post Office Box 944
Columbia, South Carolina 29202

Derrick K. McFarland, Esquire
South Carolina Budget &
Control Board
Post Office Box 11608
Columbia, South Carolina 29211

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201

Mr. Dan F. Arnett
Chief of Staff
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201.

ElizaBeth A. Blitch

ElizaBeth A. Blitch, Paralegal
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 753-3319

March 18, 2010

Columbia, South Carolina