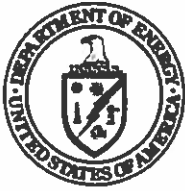


Exhibit 38



The Secretary of Energy
Washington, DC 20585

January 19, 2016

The Honorable Nikki R. Haley
Governor of the State of South Carolina
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley,

I am writing in response to your December 14, 2015, letter regarding the Mixed Oxide Fuel Fabrication Facility (MFFF) and our nation's plutonium disposition mission. First, let me assure you that the Administration, and specifically the Department of Energy (DOE), remains committed to the safe, secure, and cost effective disposition of U.S. surplus plutonium. The Savannah River Site (SRS) in South Carolina plays a critical role in this important nonproliferation mission and we are committed to removing surplus weapons-grade plutonium from South Carolina.

In support of this commitment, DOE suspended further transfers of defense plutonium designated for processing at the MFFF to the SRS after the Department determined that it would not meet the mixed oxide (MOX) production objective described in Section 4306 of the Atomic Energy Defense Act (50 U.S. C. 2566).

Consistent with the National Environmental Policy Act, DOE recently identified a Preferred Alternative for disposition of 6 metric tons of surplus non-pit plutonium analyzed in the Final Surplus Plutonium Disposition Supplemental Environmental Impact Statement. On December 24, 2015, DOE announced its Preferred Alternative to prepare 6 metric tons of non-pit plutonium for final disposal at the Waste Isolation Pilot Plant (WIPP) in Carlsbad, New Mexico.

This Preferred Alternative will allow DOE to continue progress on the disposition of surplus weapons-usable plutonium to ensure that surplus plutonium is safely secured to lessen the threat of nuclear terrorism, while also meeting the commitment for final disposal outside of South Carolina. The proposed use of the Savannah River Site to prepare the plutonium for ultimate disposal at WIPP is an endorsement of the site's current and future technical capabilities and skilled workforce.

Finally, let me emphasize the continued importance of the SRS and the Savannah River National Laboratory to the Department's missions. We have an enduring commitment to Savannah River, which has made and continues to make important contributions to national security, environmental quality, and innovative technologies that benefit the entire mission of the Department of Energy and our Nation.

The Department is committed to continued engagement with you and the State of South Carolina, including the South Carolina Congressional delegation and other key



stakeholders to advance this important mission. Please do not hesitate to have your staff contact Mr. Brad Crowell, Assistant Secretary for Congressional and Intergovernmental Affairs at (202) 586-5450, or Mr. Clarence Bishop, Associate Administrator for External Affairs at (202) 586-8343 should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ernest J. Moniz', with a stylized, sweeping flourish at the end.

Ernest J. Moniz