



April 15, 2014

Mr. David Jones
Vice President, AREVA
7207 IBM Drive
Charlotte, NC 28262

Request to Release AREVA's Life-Cycle Cost Assessment of Plutonium Fuel (MOX) Project

Dear Mr. Jones:

I hereby formally request that you publicly release AREVA's estimate for the plutonium fuel (MOX) program's life-cycle cost, which would include costs for construction, start up and operation of the Mixed Oxide Fuel Fabrication Facility (MFFF) now under construction at the Savannah River Site.

Given the striking cost increases and questions about the management of the MOX project, release of your current life-cycle cost assessment, if you have developed one, will significantly contribute to public understanding of the challenges being faced in carrying out the project.

Release of your estimate is of paramount importance given that the U.S. Department of Energy (DOE) may soon release its internal assessment of the cost of plutonium disposition options, including MOX. (Though I requested a copy of the DOE assessment in December 2013 via a Freedom of Information Act request, DOE has not yet provided the request.) In part, your cost estimate is needed to make AREVA's case concerning the financial sustainability of the project over the next decades.

As you are likely aware, the only public estimate for the overall MOX cost going forward is the report I released in April 2013. That report (<http://tinyurl.com/nwmkb8c>), which was provided last summer to the DOE's plutonium disposition assessment team, has not been challenged and continues to be a place-holder until official estimates are released by the DOE's National Nuclear Security Administration and AREVA. Clearly, it is far past time for more comprehensive, independently reviewed cost assessments to be released. The fact that such estimates have not been released so far into the project raises a host of concerns, as recognized by the Government Accountability Office (GAO).

As you are well aware, the GAO in its February 2014 report entitled *Plutonium Disposition Program - DOE Needs to Analyze the Root Causes of Cost Increases and Develop Better Cost Estimates* (<http://www.gao.gov/assets/670/660927.pdf>) affirmed that it had analyzed both the contractor's and the National Nuclear Security Administration's (NNSA) MOX cost estimates. Calling attention to the fact that "NNSA has experienced long-standing difficulties in completing major projects within cost and on schedule," GAO stated in the report that it had "reviewed NNSA's draft life-cycle cost estimate and contractor estimates of the MOX project's cost and



WSB schedule, compared the estimates with cost- and schedule-estimating best practices, and interviewed DOE and NNSA officials." Thus, GAO has confirmed that AREVA did possess an earlier MOX cost estimate.

GAO noted that "Because the MOX contractor's September 2012 proposal for increasing the cost of the MOX facility did not include a formal analysis to examine the effects of changing assumptions, it was minimally credible." GAO further stated that "Our cost estimating guide also lays out 12 key steps that should result in high-quality cost estimates. For example, one of the steps is to conduct an independent cost estimate—that is, one generated by an entity that has no stake in approval of the project but uses the same detailed technical information as the project estimate. Having an independent entity perform such a cost estimate and comparing it with a project team's estimate provides an unbiased test of whether a project team's estimate is reasonable."

As the GAO stated that "NNSA's most recent cost and schedule estimates for the Plutonium Disposition program did not fully reflect the characteristics of high-quality, reliable estimates as established by best practices used throughout government and industry and documented in the *GAO Cost Estimating and Assessment Guide* and *GAO Schedule Assessment Guide*," AREVA is now in a position to demonstrate that it has subsequently produced a "high-quality, reliable cost estimate" that meets the project management guidelines recognized by the GAO.

Further, GAO stated that "The MOX contractor's September 2012 proposal for increasing the cost of the MOX facility was substantially comprehensive but was partially well-documented, partially accurate, and minimally credible. The contractor's estimate did not fully reflect the characteristics of a high-quality, reliable estimate in part because it was a proposal, as opposed to an approved cost estimate." Release by AREVA of an "approved cost estimate" holds the potential to contribute significantly to the current discussion about the fate of the MOX project.

While release of a "high-quality" cost assessment will add substantially to the discussion about the MOX project, failure to release such cost information could likewise deepen concerns about the MOX project and the ability of AREVA to responsibly manage the design and construction of the Mixed Oxide Fuel Fabrication Facility and control ballooning costs.

Thank you very much for taking steps to act in the public interest by promptly releasing your life-cycle cost estimate for the MOX project. I look forward to your response to my request.

Sincerely,



Tom Clements

Director, Savannah River Site Watch