



Department of Energy
Washington, DC 20585

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July 23, 2010

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Miguel A. Cordero
Executive Director
Puerto Rico Electric Power Authority
Environmental Protection & Quality Assurance Division
Puerto Rico Electric Power Authority 7th Floor NEOS Building
1110 Ponce de León Ave. 704
Santurce, PR 00907

Dear Mr. Cordero:

For many years, the United States Department of Energy (DOE) and the Puerto Rico Electric Power Authority (PREPA) have worked on an agreement to give PREPA the documentation necessary for public access with existing controls to the BOiling water NUclear Superheater (BONUS) reactor building as a museum attraction at Rincon, Puerto Rico. Following meetings with PREPA in June 2008, LM continued discussions with Mr. Arsenio Reyes of your office and both parties believe that the attached draft Letter Agreement will provide the understanding necessary to move forward.

In 1972, the Atomic Energy Commission (AEC) terminated the operating authorization, the existing lease, and decommissioned the BONUS power station. LM and PREPA inspected the property in June 2008, and determined that all protective measures were complete. Thereafter, LM inspected and prepared for off-site shipment to the Idaho National Laboratory two remaining radioactive sources (i.e., detection units). LM and PREPA agree now that controlled public access for museum purposes is possible.

The attached Letter Agreement provides for monitoring and inspection support by PREPA and public access with existing controls for museum purposes that have been a long term goal of PREPA. Please review the attached letter agreement and, if agreeable, we can both sign it acknowledging our mutual understanding of the activities at the BONUS reactor building. Any questions may be directed to Mr. Steve Schiesswohl (720-377-9683 or Steve.Schiesswohl@LM.DOE.GOV), or Mr. Cliff Carpenter (304-413-0807 or Cliff.Carpenter@LM.DOE.GOV) of my staff.

Sincerely,

David W. Geiser
Director
Office of Legacy Management



3 Attachments

cc: Arsenio Reyes - PREPA
Steve Schiesswohl, LM-20
Tom Pauling, LM-20
Cliff Carpenter, LM-20
Jack Craig, LM-20
Steven Miller, GC-51
Michele Miller, Stoller

PREPA-DOE LETTER AGREEMENT

This Letter Agreement, between the U.S. Department of Energy (DOE) and the Puerto Rico Electric Power Authority (PREPA) establishes responsibilities and authorities, and provides for controlled public access to the BOiling water NUclear Superheater reactor building, hereinafter referred to as BONUS reactor building for the purposes of a museum.

BONUS Nuclear Power Facility consists of 132 acres owned by PREPA at Rincon, Puerto Rico. The BONUS Nuclear Power Facility (or the Facility) is located within a five-acre separately fenced area securing the reactor building, the theater and cafeteria, the training center building, the lockers and bathroom building, the administrative office building, and outside support structures. The BONUS reactor is an enclosed domed building that consists of three levels: the Reactor (Main) Level, the Mezzanine (Upper) Level, and the Basement (Lower) Level. Both the Reactor (Main) and Basement (Lower) Levels are available for controlled public access for the purposes of a museum.

Contract AT-(40-1)-4186 between the U.S. Atomic Energy Commission, (AEC), and the Puerto Rico Water Resources Authority (PRWRA, predecessor to PREPA), August 17, 1971, established the relationship and basis for the decommissioning of the BONUS reactor, and the post-decommissioning surveillance responsibilities of the radioactive materials contained therein. The BONUS Nuclear Power Facility was renamed on September 2, 2000, as Dr. Modesto Iriarte Technological Museum and in 2007 was listed under the National Register of Historic Places.

The BONUS reactor was decommissioned, all materials removed, and the reactor vessel was entombed in concrete as part of its final decommissioning in 1970. The AEC and its successor agency, DOE is represented by the Director of the Office of Legacy Management (LM) by Mr. David W. Geiser. The PREPA (formerly known as PRWRA), a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico, created by Act of May 2, 1941, No. 83, as amended, is represented in this Letter Agreement by its Executive Director, Mr. Miguel A. Cordero.

DOE and PREPA have continued to monitor the BONUS reactor building and ensure safety measures are being maintained. In the last several years, PREPA developed a vision to document the historical aspects of the BONUS Nuclear Power Facility and its place in the history of the Atomic Age by collecting artifacts, equipment and documentation, and preparing exhibits to illustrate the development, construction, operation, and decommissioning of the BONUS reactor. As the BONUS reactor building had not previously been open to the public, this museum concept was evaluated by LM and PREPA to ensure public health and safety. It is very evident from the effort and dedication by the leadership and personnel of DOE and PREPA that the primary mission is public safety and the additional benefit of opening the BONUS reactor building to the public for its education and enjoyment.

On June 16, 2008, personnel of both DOE and PREPA inspected the BONUS reactor building and the associated remaining equipment and determined that physical and administrative controls were working and sufficient to protect the public if the facility was to be opened to the public. At that time, both DOE and PREPA believed that the BONUS reactor building was appropriate for public use as a museum and that PREPA could also assist DOE in inspections and reports.

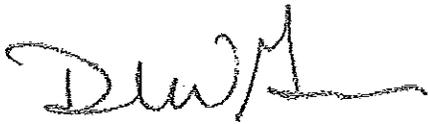
The historical basis for LM's determination that public use was possible, under controlled conditions, is contained in the following three attached documents: 1) lease termination AEC letter (see Attachment A, AEC letter of February 10, 1972); 2) the letter terminating Operating Authorization DPRA-4 order in Docket 115-4 (see Attachment B, AEC letter of June 5, 1972); and 3) the AEC letter that clarifies the AEC intent that operations were terminated, nuclear fuel was removed and further indicating that the radioactive hazards were removed, mitigated and adequately controlled (see Attachment C, AEC letter of December 27, 1971).

PREPA is the owner of the BONUS Nuclear Power Facility and its structures and equipment, DOE remains responsible for the small amount of radioactive materials that remain inside the BONUS reactor building. All regulatory requirements have been satisfied and both DOE and PREPA understand their respective responsibilities and fully intend to work together in managing the BONUS reactor. DOE believes that public use of the BONUS reactor building for educational purposes should occur and DOE pledges to support PREPA in its use. In addition, DOE appreciates the unique ability of PREPA to manage the BONUS reactor building; promote the educational, historical, and cultural benefits of the entire BONUS Nuclear Power Facility; and provide special assistance to DOE by being available to inspect the BONUS reactor building and associated safety and protective measures and report to DOE any issues and concerns that DOE may need to address.

DOE appreciates the excellent efforts of the collection and preparation of the interpretive exhibits and documentation of the Atomic Age, its technology, and its people by PREPA and fully supports the controlled public use of the BONUS reactor building. Many benefits to DOE, PREPA, and the Puerto Rican citizens will be realized with the understanding embodied in this Letter Agreement. PREPA will continue to give DOE monitoring support and technical competence, in addition to inspections and frequent visual evaluations of the entombed reactor vessel. DOE will continue to meet its responsibilities of oversight and management of the radioactive materials entombed in the reactor vessel. The public and Puerto Rican citizens will gain one of the best examples of a demonstration reactor, complete with ancillary equipment and documentation that also includes historical and cultural interpretive exhibits and documentation of the colonization and development of Puerto Rico and its citizens.

By signing below, DOE and PREPA agree to the provisions of this Letter Agreement and agree that controlled public access is now allowable as of the date this Letter Agreement is executed by both DOE and PREPA.

For the U.S. Department of Energy:



Mr. David W. Geiser
Director
Office of Legacy Management

7/22/10

Date

For the Puerto Rico Electric Power Authority:



Mr. Miguel A. Cordero
Executive Director
Puerto Rico Electric Power Authority

8/2/10

Date