

April 16, 2021

Mark Watson  
City Manager  
Municipal Building  
200 South Tulane Avenue  
Oak Ridge, TN 37830  
mwatson@oakridgetn.gov

Dear Mr. Watson,

This letter follows receipt of your letter dated January 7, 2021 and discussions we had in February 2021 regarding the proposed development of the Oak Ridge Airport. As we have expressed before, EnergySolutions remains supportive of the City's plans to construct the airport subject to resolving the issues laid out below.

- In your January 7 letter you offered, subject to City Council approval, \$150,000 as consideration for salvage value of 1.67 miles of abandoned track. We appreciate your offer and your willingness to compensate EnergySolutions for the track it would have to give up for the airport to be constructed. Upon further internal discussion, EnergySolutions has decided that instead of accepting payment for the lost track, we would like to donate this track (i.e., the track from the Wheat Station area to the south end of the line near Portal 10) to the City of Oak Ridge. As you know, the costs to construct replacement track are significant and exceed \$1 million per mile. As such, we view this as a substantial donation to the City and one that we hope will serve as a gesture of our commitment and support for the City and the City's plans for the airport.
- In your January 7 letter you offered for the City of Oak Ridge to reimburse EnergySolutions for the legal costs and filing fees up to \$8,000 that would be incurred with obtaining the consent of the Surface and Transportation Board for an exemption permitting abandonment of the abandoned track. Our outside counsel has estimated these legal costs and filing fees will cost approximately \$25,400. We believe that these legal costs and filing fees should be paid in their entirety by the City of Oak Ridge and that therefore no cap should be placed on this reimbursement obligation.
- EnergySolutions requests the City of Oak Ridge pay EnergySolutions \$30,000 in reimbursement for the internal and external costs EnergySolutions will incur to receive TDEC's consent to transfer the radioactive materials license for the abandoned track to another suitable portion of track.
- EnergySolutions requires continuous and uninterrupted road and rail access to our rail transload yard located on South Perimeter road using South Perimeter

Road from Highway 58 or the road connecting Bear Creek Road to South Perimeter Road.

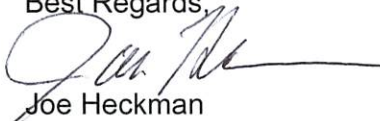
- EnergySolutions and the City of Oak Ridge would need to work together with the Department of Energy (DOE) to reduce the easement granted by the DOE to exclude that portion of land underlying the abandoned track.
- The City of Oak Ridge would be responsible for the costs of removing the abandoned track after the parties obtain STB's consent and DOE has reduced its easement.
- We have confirmed that there are no railcars owned by Southern Appalachia Railroad Museum (SARM) on the abandoned track. So SARM railcar storage issues will not need to be addressed as part of this matter.

Any final resolution of the issues outlined above is subject to the parties entering into a formal written agreement memorializing this matter.

Also, I think it would be helpful to clarify the ownership structure of the Heritage Railroad. In 2009 EnergySolutions, LLC acquired the assets of Heritage Railroad Corporation, Inc. – including the right to use its name - but we did not acquire the entity itself. Therefore Heritage Railroad Corporation, Inc. is not an EnergySolutions subsidiary. My understanding is that the entity Heritage Railroad Corporation, Inc. was dissolved in 2009. EnergySolutions, LLC operates the railroad under the name Heritage Railroad and it is EnergySolutions, LLC that has easement with DOE and the operating agreement with Walden Ridge.

If you have any questions or would like to discuss further, please contact me at 865-220-1413.

Best Regards,



Joe Heckman  
Group President, Waste Management  
EnergySolutions