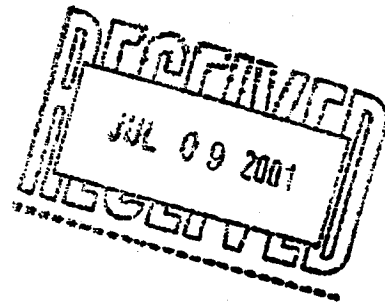


Department of Energy
 Richland Operations Office
 P.O. Box 550
 Richland, Washington 99352



01-MPD-070

JUL 3 2001

Mr. Todd Martin, Chair
 Hanford Advisory Board
 1933 Jadwin, Suite 135: G1-04
 Richland, Washington 99352

Dear Mr. Martin:

FISCAL YEAR (FY) 2002 AND 2003 BUDGETS (HANFORD ADVISORY BOARD [HAB] CONSENSUS ADVICE #120)

In response to the HAB letter to Keith Klein, U.S. Department of Energy, Richland Operations Office (RL), and Harry Boston, U.S. Department of Energy, Office of River Protection, same subject as above, dated June 8, 2001, the following update is provided. RL thanks you for the recognition that "Hanford cleanup is finally on the right track and the pace can now be quickened as planned." Additionally, RL appreciates the recognition of the constraints presented by the FY 2002 budget given no further relief by Congress.

In terms of planning and budgeting for the upcoming fiscal years, this has been a difficult year. While RL was able to meet the basic requirements of the Hanford Federal Facility Agreement and Consent Order (Tri-Party Agreement) in terms of presenting and submitting information to our regulators, we were unable to conduct our normal budget process that involves several meetings with our regulators and stakeholders, including the HAB.

I understand your concerns about the potential for delays or cancellations of Hanford compliance projects. Consistent with the Tri-Party Agreement, RL submitted requests last year for FY 2002 funding and this year for FY 2003 funding that would meet our compliance requirements. Although the President's budget for FY 2002 and the budget guidance received for FY 2003 are less than those requests, we are exploring options that have the potential of achieving more cost-effective cleanup. The workscope direction provided with the President's budget and the FY 2003 guidance support continued funding for safe operations and services and for addressing urgent risks. As you now know, the U.S. Department of Energy (DOE) is initiating a top-to-bottom review of the Environmental Management cleanup program and expects the results will allow us to work toward meeting our Tri-Party Agreement compliance commitments within the President's budget.

While the budget process for FY 2002 has not been completed at this time, RL can only relate to the President's budget for definitive funding. What Congress decides with regard to final funding for RL will not be available for some time and may or may not impact our ability to complete planned work. Once final determination of funding is made available, RL will evaluate their potential impacts to the planned workscope and take necessary action if required.

Mr. Todd Martin
01-MPD-070

-2-

JUL 3 2001

If you have any questions or require additional information, please contact me at (509) 376-6657,
or Rich Holten at (509) 376-3963.

Sincerely,



W. Wade Ballard, Assistant Manager
for Planning and Integration

MPD:KDC

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