

THE WHITE HOUSE

WASHINGTON

August 2, 2002

Dear Mr. Speaker:

I ask the Congress to consider the enclosed requests for FY 2003 budget amendments for the Department of Energy (DOE). Both requests satisfy commitments made in my FY 2003 Budget.

The first request supports reform of remediation projects at contaminated DOE sites. Currently, there are unacceptably long cleanup schedules and plans that appear wasteful and do not result in adequate protection of the public for decades. This request carries out the pledge that the Administration would support additional resources when they would lead to new cleanup agreements that result in efficient and accelerated protection of human health and the environment.

The second request, for readying the Yucca Mountain site as a viable nuclear waste repository by 2010, fulfills my assurance that the Administration would seek additional funding to begin essential transportation-related activities and a long-term management and financing plan for the entire licensing and construction effort. My Administration is committed to ensuring the environmentally sound and safe disposal of the Nation's radioactive waste.

When I transmitted my FY 2003 Budget, I did not know the exact level of resources that would be required to support these commitments. These requests would increase the budgetary resources proposed in my FY 2003 Budget by \$366.1 million. The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 1, 2002

The President

The White House

Submitted for your consideration are requests for FY 2003 budget amendments for the Department of Energy (DOE). These requests would increase the budgetary resources proposed in your FY 2003 Budget by \$366.1 million.

Environmental Management

An increase of \$300.0 million is requested to improve program effectiveness within DOE's Environmental Management program. Your FY 2003 Budget proposed \$6.7 billion for the Environmental Management program, including \$800.0 million for program reforms at cleanup sites. This request would increase the funding available for program reforms to a total of \$1.1 billion. The amendment would provide additional resources to the Secretary to implement reforms that would supersede less effective plans now in place, reforms that were specifically addressed on page 16 of the DOE Congressional Budget Justification for the Environmental Management program.

DOE has made significant progress toward implementing these reforms and has signed and issued six letters of intent with regulators that provide the basic outline of revised cleanup approaches. Pursuant to these letters, the Department is working on detailed cleanup plans that will lead to revised cleanup agreements. The requested funds will be made available to each site only after the Secretary confirms that the following criteria have been met:

- The Department completes a new multi-year, risk-based cleanup plan for the site that includes significant reform proposals;
- The Department prepares multi-year estimates of required funding to implement the revised plan and demonstrates it will protect human health and the environment, accelerate completion schedules, and yield significant cost savings over existing baselines for the site; and
- The Department and appropriate regulatory officials enter into an agreement committing to implementation of the revised cleanup plan and, as necessary, modify current compliance agreements.

A critical factor in the success of this reform initiative is that the Secretary be provided the flexibility to allocate funding based on resources required to implement each agreement. These agreements take time, and any effort to allocate requested funding by site before these agreements are in place would be counterproductive. Accordingly, it would be unacceptable for Congress to allocate this additional funding by site, thereby blocking the reform mission of the additional funds.

Nuclear Waste Disposal

Your FY 2003 Budget proposed a total of \$527.0 million for DOE's Civilian Radioactive Waste Management program, including \$212.0 million for the Nuclear Waste Disposal account. This request would increase the funding available for the Nuclear Waste Disposal portion of the Civilian Radioactive Waste Management program by \$66.1 million, for a total of \$278.1 million.

The amendment would support timely completion of DOE's application to the Nuclear Regulatory Commission (NRC) for a repository construction license for the Yucca Mountain site, accelerate development of a national system for transporting waste to Yucca Mountain, improve the safety of working conditions at the repository site, and support tests and studies that would increase public confidence in the project. This request fulfills your assurance, articulated on page 411 of the FY 2003 Budget *Appendix*, that the Administration will seek additional funding to begin essential transportation-related activities and provide a long-term management and financing plan for the entire licensing and construction effort.


Without these additional funds, DOE would not be able to submit a license application to the NRC in 2004. Timely submittal of the application and subsequent NRC approval are crucial to achieving the Federal Government's longstanding goal of beginning waste acceptance at the Yucca Mountain repository in 2010. DOE estimates that every year of delay beyond 2010 would cost \$500.0 million in potential liabilities.

Recommendation

Transmission of these requests to the Congress reflect your commitment to provide DOE with the necessary additional resources for program reforms and project completion that will accelerate cleanup and waste repository development schedules, reduce costs, and better protect human health and the environment.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the Secretary of Energy in recommending that you transmit the amendments to the Congress.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Enclosures

Agency: DEPARTMENT OF ENERGY
Bureau: ENVIRONMENTAL AND OTHER DEFENSE ACTIVITIES
Heading: Environmental Management Cleanup Reform
FY 2003 Budget Appendix Page: 392
FY 2003 Pending Request: \$800,000,000
Proposed Amendment: \$300,000,000
Revised Request: \$1,100,000,000

This proposal would increase the pending request by \$300.0 million for the Environmental Management Cleanup Reform account. The change is consistent with the Administration's commitment to propose additional resources above the pending FY 2003 request of \$800.0 million for this account to implement program reforms at additional cleanup sites.

The Environmental Management program is responsible for cleaning up the legacy of waste and contamination from nuclear weapons production. Under the program, the Department of Energy (DOE) enters into cleanup agreements with State and Federal regulators at sites managed by DOE. The FY 2003 Budget proposed a new reform strategy geared toward the development of alternative cleanup strategies to accelerate risk reduction and cleanup timetables through innovative technologies and processes, and reduce total project costs.

This amendment would increase FY 2003 outlays by \$210.0 million.

Agency: DEPARTMENT OF ENERGY

Bureau: ENERGY PROGRAMS

Heading: Nuclear Waste Disposal

FY 2003 Budget
Appendix Page: 410

FY 2003
Pending Request: \$212,045,000

Proposed Amendment: \$66,100,000

Revised Request: \$278,145,000

This proposal would increase the pending FY 2003 request by \$66.1 million for the Nuclear Waste Disposal account. The change is consistent with the Administration's commitment to propose additional resources to ensure submittal of a license application to the Nuclear Regulatory Commission for construction of a nuclear waste repository at Yucca Mountain, Nevada, in 2004 and readiness for operation in 2010 of the repository and associated national waste transportation system.

The amendment would fund an electronic database required by the NRC to compile information on the project; accelerate planning for a major rail spur in Nevada; increase public involvement in the planning; upgrade equipment in the repository's underground tunnel to enhance worker safety; and, fund a number of other necessary activities.

This amendment would increase FY 2003 outlays by \$33.0 million.