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**U.S. House of Representatives**  
**Committee on Commerce**  
 Room 2125, Rayburn House Office Building  
 Washington, DC 20515-6115

January 21, 1998

JAMES E. DERDERIAN, CHIEF OF STAFF

The Honorable Federico F. Peña  
 Secretary  
 Department of Energy  
 1000 Independence Avenue, S.W.  
 Washington, D.C. 20585

Dear Secretary Peña:

We are writing to you to express concern about the Department of Energy's ("DOE") management of its spent nuclear fuel project ("SNF project") at the Hanford site, and to request certain information. As you may know, Hanford's K-Basins contain approximately 2,000 tons of irradiated spent nuclear fuel which are heavily corroded after many years of storage under water. The fuel was not designed for extended storage, and the K-Basins were constructed in the early 1950s with a 20-year design life. Additionally, the K-Basin structures are located some 400 yards from the Columbia River. According to the Defense Nuclear Facilities Safety Board's ("DNFSB") recommendation 94-1 dated May 26, 1994 (attached), the K-East basin has "leaked on several occasions, is likely to leak again, and has design and construction defects that make it seismically unsafe." In response to DNFSB's recommendation to accelerate stabilization of the K-Basins, DOE implemented an aggressive plan in February 1995 for transferring these wastes to safe interim storage.

However, it recently has come to our attention that Hanford's SNF project is significantly behind schedule and over budget. According to the Department, the SNF project is 19 months behind schedule. In January 1997, DOE first announced a delay of 5 months. In August 1997 the Department revealed to DNFSB that the project would be delayed an additional 14 months. Committee staff have learned from DOE that these delays will result in cost overruns of not less than \$240 million.

DOE at Hanford completed a letter report on the SNF project in September of 1997 (attached). According to the report, "there continue to be delays due to poor quality technical work and poor project management and contracting practices." The report also reveals that, although no technical obstacles remain to complete the project, "unless positive actions are taken to address the root causes of the delays experienced so far, continued slippage is possible." Additionally, the

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DNFSB completed a report in October 1997 (attached) that similarly states "[n]either DOE-RL nor Fluor Daniel Hanford had in place suitable processes and progress measures required to adequately oversee and report the progress and status of the [SNF project]. It is not clear that the recent actions will be sufficient to ensure future effective oversight."

Delays and cost overruns on this project could increase health and safety risks to workers, the public, and the environment, and will impact the amount of funding available to support other important cleanup needs at the Hanford site. We are greatly concerned about the apparent degree of risk the K-Basins pose in their current configuration, the additional costs of approximately \$10 million for each additional month of delay, and the apparent DOE and contractor management problems with the SNF project. Accordingly, we are requesting that, pursuant to Rules X and XI of the United States House of Representatives, the Department provide the Committee with the following information:

1. Please provide one copy of each of the following reports, reviews, meeting minutes, or other documents which evaluate the SNF project beginning January 1, 1995 to present:
  - ▶ Performance status summaries
  - ▶ Hanford performance reports
  - ▶ EM quarterly management reports
  - ▶ Site annual performance reports
  - ▶ Site management board reviews
  - ▶ Work reviews
  - ▶ Site performance measures reviews
  - ▶ EM quarterly management reviews
  - ▶ Site reviews

Also, please provide any additional project assessments performed by DOE, Fluor Daniel Hanford, Duke Engineering and Services Hanford or other SNF project subcontractors including weekly critical path assessments made to determine what key factors forced the recent 14-month delay.

2. Please provide a listing of each performance measure for the SNF project used to determine performance fee award for each of the fiscal years 1995, 1996, 1997, and 1998. For each performance measure, please provide the following information:
  - a) Title and brief description of the performance measure;
  - c) Contractor name;
  - d) Total potential incentive fee; and
  - e) Total incentive fee awarded.

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3. Please provide a copy of any letter, memo, directive or other documents that officially delegate authority from DOE Headquarters to the Richland Operations Office for the SNF project.
4. Please provide a copy of the record of decision and environmental impact statement for the SNF project.
5. Has the DOE conducted any vulnerability studies or assessments of the K-Basins or the SNF project? If so, please provide a copy of any studies or assessments.
6. Please provide a copy of any press reports, fact sheets, press releases, press statements, or other public statements or information made publicly available regarding the status of the SNF project since January 1, 1994 at both DOE's Richland and Headquarter offices.
7. Please provide an estimate of the monthly cost of maintaining the K basins in their current configuration. Please also provide an estimate of the cost of maintaining the K basins after fuel elements and sludges have been removed.
8. Please provide an organizational outline and describe the DOE and contractor organizational management structure for the SNF project since January 1, 1994 including relevant personnel information.
9. Please list each tri-party agreement ("TPA") milestone for the SNF project with a description of the status for each. Please also describe the status of any ongoing negotiations with the State of Washington and the Environmental Protection Agency regarding amendments to the TPA for this project.
10. According to DNFSB's weekly report at Hanford dated December 12, 1997, Fluor Daniel Hanford issued a cure letter to Duke Engineering and Services Hanford in December of 1997. Please provide a copy of this letter and any response from Duke Engineering and Services Hanford thereto.
11. Please describe the current status of the SNF project with respect to the schedule baseline, estimated total cost, current or anticipated management changes, and other relevant project information.
12. Please describe the current physical condition and related risk information regarding the structures and contained fuel elements in the K basins. Please include in the description any relevant historical information regarding the status of the structures and contained fuel elements including, but not limited to, fuel element characteristics, sludge characteristics, coolant water characteristics, known or suspected leak occurrences, or other relevant physical and chemical information.

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13. Please list, describe, and provide one copy of each project schedule, project baseline, life cycle cost estimate, multi year program plans, cleanup plans, accelerated cleanup plan or other relative administrative document projecting a cost and schedule for the SNF project since January 1, 1994. Separately, please describe the current project schedule baseline, life cycle cost estimate, and cleanup plan for the SNF project.
14. Please provide a listing of each Category 1, Category 2, and Category 3 Enabling Assumptions ("EA's") currently tracked for the SNF project. In each category, please indicate how many EA's are not considered closed. Of those EA's which are not closed, please indicate which ones currently have a basis for closure, but have not been closed.
15. DOE made nine recommendations for decisive action in a September 9, 1997 letter to Fluor Daniel Hanford. Please describe the current status of each of these recommendations.

Please provide the requested records identified in questions 1 through 10 no later than close of business Friday, February 6, 1998. For documents and information requested in questions 11 through 15 please provide this information no later than close of business Friday, February 13, 1998. If you have any questions, please contact Mr. Mark Paoletta, Chief Counsel for oversight and investigations, at (202) 225-2927. Thank you for your prompt attention to this matter.

Sincerely,



Tom Bliley  
Chairman



Joe Barton  
Chairman  
Subcommittee on  
Oversight and Investigations

cc. The Honorable John Dingell, Ranking Member  
The Honorable Ron Klink, Ranking Member  
Subcommittee on Oversight and Investigations

Attachments (3)