



# Department of Energy

Washington, DC 20585

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Ms. Marilyn Reeves  
Chair, Hanford Advisory Board  
c/o Technical Resources International, Inc.  
723 The Parkway, Suite 200  
Richland, Washington 99352

Dear Ms. Reeves:

This is in response to the Hanford Advisory Board (HAB) letter dated April 4, 1997, concerning the Department of Energy (DOE)-Richland (RL) FY 1999 Budget. The Richland Operations Office is responding to those portions of the letter directed toward the site.

The following responds to specific items addressed to Headquarters (HQ) in your letter:

### Compliance and Funding Levels

- *“DOE-HQ must meet its legal obligation to actively work to obtain funding for full regulatory compliance at Hanford. The DOE-RL FY 1999 budget draft (February 28, 1997) at the \$6.0 billion and the \$5.5 billion case levels falls short by \$99 to \$185 million to meet its requirements.”*
- *“DOE is required by law (Executive Order 12088 and the Tri-Party Agreement) to use its best efforts to request, not just identify, the funding required for full compliance. DOE’s advocacy for a Ten-Year Plan funding level, which is below current levels, does not increase with inflation and does not cover compliance costs, as the basis for its budget request, violates these legal obligations.”*
- *“The Board sees that the “level funding” scenario for the Ten-Year Plan, as articulated by Al Alm in September 1996, will not provide level funding because actual funding is decreasing and the numbers do not include an inflation factor. While program planning at the site level (i.e., the IPL) incorporates a 2.7% inflation factor into the future, the top-line numbers as allocated by Headquarters do not. Over the ten years, this will result in an actual loss in Hanford cleanup exceeding \$1.7 billion. In the tenth year, the Hanford cleanup budget will be over \$300 million less in real dollars than in 1997. DOE already estimates that the current funding level will not meet legal requirements. The Board is concerned about prioritizing site work in the face of a declining budget scenario, not a level funding scenario. The Board recommends that inflation be included in top-level funding numbers.”*



The Office of Environmental Management (EM) is committed to complying with the provisions of Executive Order 12088 and the Hanford Federal Facilities Agreement and Consent Order. We will be actively working with each of our field offices over the next several months to prioritize our program activities and address all compliance concerns. However, EM is faced with the challenge of finding ways to achieve compliance, considering likely Congressional action due to constraints placed on discretionary funding by the Balanced Budget Agreement.

In addition, we are working with the field offices to identify and implement ways to increase the amount of work accomplished for the funds provided (efficiencies) in order to accommodate inflation, as well as to increase productivity and results.

#### Integrated Priority Lists

- *"This year information on budget units of analysis ("What Are We Buying?") for project line items on the Integrated Priority List (IPL) is a major step forward in allowing public understanding of the DOE prioritization process. The Board recommends it as a model for use at all sites."*

EM, too, has found the DOE-RL IPL to be a very useful tool. For the FY 1999 budget request, we are requiring all sites to prepare an IPL. Our guidance to the sites requests that the IPLs contain the same type of information that is currently found in the Richland IPL.

#### Budget Formulation Process

- *"The sequence of events leading up to the final draft DOE-RL budget submittal to Headquarters in June includes a longer overall time frame than last year, but the window for public involvement is shortened."*
- *"Because of how early the meetings were held, information necessary for informed comment by the interested public in the rest of the region has not been provided prior to the local public meetings (or for those who could not attend public meetings). The public was thus not able to comment regarding some key issues in the proposed FY 1999 budget."*
- *"The Board's experience with DOE's budget process has been made more difficult by the fact that the Headquarters-directed process changes every year. The Board recommends increased consistency in how the overall process works, to aid public participation and save money. The Board understands that Headquarters intends to schedule a multi-site video conference in late May to discuss budget issues. The Board would prefer and recommend that Headquarters provide for direct dialogue via videoconference or conference call between representatives of the Hanford Advisory Board and Headquarters decision makers on the extensive recommendations and findings in the Board's budget advice."*

I understand the concern resulting from the changeover to the new 2006 Plan process, as well as schedule delays that have occurred. Please accept my commitment to refine and improve this process in the future. I will be responding by separate correspondence to the Board's April 4, 1997, consensus advice on public participation in the 2006 planning process, explaining how we are extending the period for public participation in the development of the draft and initial plans.

Similarly, with respect to the fiscal year 1999 budget, we are extending the public comment period until July 18, 1997, to allow for more extensive public participation in the development of the FY 1999 budget. Additionally, EM headquarters is planning site visits and videoconferences to provide for the same opportunities for participation with headquarters that have been available in previous years.

#### TWRS and TWRS Privatization Budget

- *"The Board appreciates DOE's action in response to its request to place a \$427 million TWRS privatization reserve in FY 1998 in a national reserve pool. The Board is concerned, however, that this amount may appear to Congress and the media as part of the Hanford EM authorization. The Board recommends that privatization continue to be funded outside the Hanford EM budget. Per the Board's advice on the FY 1998 budget, information is needed on the size and components of the reserve fund, how it will be used, and whether there are alternatives within the pool approach which would reduce the total budget authority required."*
- *"Al Alm committed to a dialogue with the Board on the privatization pool, and the Board is requesting again that such a dialogue take place soon."*

The \$427 million for TWRS privatization was requested in a separate appropriation account in the FY 1998 Congressional Request. This account also includes a request of \$579 million for other specific privatization projects. As a separate appropriation, the Privatization funds do not affect the allocation of traditional budget authority provided to Hanford under the EM program.

The Privatization appropriation request for FY 1998 does not create a "reserve pool". Our FY 1998 request of \$1,006 million is for budget authority only, and is tied to the capital portion of twelve separate projects which have met the privatization principles and certain financial screening criteria. This funding will be obligated to privatization contracts as they are awarded and will provide assurance to private sector firms that the government will live up to its financial commitments. This funding will also be used to pay for the capital expenses of the privatization projects once the goods or services are delivered as specified in each privatization contract. Additional funding will be necessary for the operating expenses incurred for the production of such goods or services. Because the funds for each project are necessary to pay for the capital expenses associated with that project, we believe that these funds should not be placed in a reserve pool where they could be used to pay for the costs of another project.

The concept of the "reserve pool" also appears inconsistent with current Congressional intent regarding the structure and management of the privatization account. The Congressional authorizing and appropriations committees for the EM program have requested the Department

to develop proposals to provide the Congress with greater controls over the use of the privatization funds that have been requested, and are considering authorizing and appropriating funds for privatization projects in the same manner as other construction projects. The pooling of the funds for all the individual privatization projects into a single fund appears contrary to the Congress's desire for greater control over the use of the requested funds and for more specificity on how the funds for each project will be spent.

#### Landlord Costs and Indirects/Overheads

- *"USDOE should require all users of PNNL's laboratories to pay for the basic maintenance and operation and handling of radioactive and dangerous wastes. The cleanup budget should pay only for its share of these costs, which will make additional funding available for legally required cleanup work. The Board believes that DOE has the authority to address this issue as part of its oversight of its contract with PNNL. The Board requests specific information on this issue."*

A specific response to this comment will be coming from DOE-RL.

#### Environmental Restoration

- *"Headquarters should take action on funding needed to meet ER program priorities at Hanford."*

EM Headquarters makes every effort to ensure that the EM budget provides adequate funding at all sites to meet compliance requirements, reduce risks, reduce mortgages, close sites as quickly as possible, and address stakeholder concerns. Nonetheless, with the level of the EM budget constrained by overall Administration and Congressional budget priorities, both EM and the EM sites must prioritize activities and budgetary requests. The EM budget formulation process allows each field office to distribute its target funding between the EM line programs as it deems best. DOE-RL has the opportunity to allocate funding to the Environmental Restoration program as a part of the overall site prioritization process. The EM sites will develop their priorities in consultation with the public. Headquarters will consider the public comments on the site budgets and priorities prior to transmitting the budget request to the Secretary.

#### EM-50 Technology Development Budget

- *"The Board many times over the past several years has requested that the EM-50 budget process be as open as the process followed for other EM activities at DOE-RL and follow the same time-table."*

Since 1996 the Office of Science and Technology (EM-50) annual budget process has started in the field. Technology needs at each site are identified and communicated to the Technology Focus Areas by the Site Technology Coordination Groups (STCG), which serve as the linkage with stakeholders at each DOE site. An invitation will be extended to the HAB to send representatives to all meetings of the Hanford STCG, including those concerned with budget

formulation. The HAB also will be invited to review updates of site technology needs, which are linked with a specific Project Baseline Summary in the Hanford 2006 Plan. The HAB will be kept informed (along with STCG) of the Technology Development budget development process at the site.

The Hanford Advisory Board is welcome to participate with each of the Technology Focus Areas in the reviews of site technology needs and in the budget formulation. The HAB will be invited to participate in the Headquarters review of the field-formulated FY 1999 budget for Technology Development.

There are many EM-50 technologies now available commercially and Hanford is taking advantage of them. We are ensuring that technology needs and activities are linked with Site schedules and funding, and we are involving the regulators and stakeholders in the process.

Thank you for submitting your comments. Should you desire to discuss this matter further, please contact either myself or Dan Berkovitz of my staff at (202) 586-9103.

Sincerely,



Alvin L. Alm  
Assistant Secretary for  
Environmental Management