



State of Idaho
Department of Environmental Quality
1410 North Hilton
Boise, Idaho 83706



24089
U.S. Environmental Protection Agency
Region 10
1200 Sixth Avenue
Seattle, Washington 98101

July 3, 2001

Warren E. Bergholz, Jr., Deputy Manager
U.S. Department of Energy
Idaho Operations Office
850 Energy Drive
Idaho Falls, ID 83401-1563

RE: Dispute Resolution

Dear Mr. Bergholz:

We have received and reviewed your proposed agenda for the "Stage II Value Engineering Review" meeting scheduled for July 10-11, 2001 in Idaho Falls. We believe that the agenda as proposed departs significantly from the issues agreed upon by the SEC as appropriate for our discussion.

The SEC agreed to extend the dispute resolution deadline to July 18, 2001 to allow for DOE to propose and justify an alternative schedule to that proposed in the May 23rd letter from Messrs, Findley and Alfred. We also provided you, in accordance with your request, the assumptions underlying that schedule, including design requirements previously specified by DOE. We are now looking for DOE to improve upon that schedule, or to justify an alternative, and are willing to work with DOE to achieve that end. In the event that we cannot reach consensus on a recommendation by July 18, the matter will unfortunately be returned to the SEC.

With the SEC's agreement to narrow our discussions to the schedule, we do not think it is appropriate for us to revisit the objectives of the Pit 9 ROD. Therefore, your proposals to develop a new "consensus purpose statement" for Pit 9 retrieval, redefine what constitutes success, and to "radically change the approach currently documented in the ROD" are outside the scope with which we were tasked.

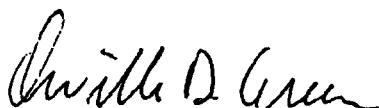
To accommodate the narrow discussions the SEC agreed to conduct, we should focus our discussion on evaluation of approaches that accomplish Stage II objectives for demonstrating retrieval, and ex situ treatment as appropriate, within shorter timeframes in a cost-effective manner. Our agenda should primarily concentrate on discussion of changes to the existing design. These should include, but not be limited to, underlying

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requirements and assumptions, with an emphasis on those that drive schedule and cost. In our remaining time, we can evaluate DOE's proposals for changing its management approaches to reduce time and cost.

Please confirm your agreement with an agenda along these two discussion topics.

Sincerely,



Orville D. Green, Administrator
Waste Management & Remediation Division
Department of Environmental Quality

Sincerely,



Ann Williamson, Unit Manager
Site Cleanup Unit 4
Region 10, Environmental Protection Agency