



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue
Seattle, Washington 98101

Reply To
Attn of: ECL-113

May 6, 1998

Ms. Kathleen Hain, Manager
Environmental Restoration Program
U.S. Department of Energy
Idaho Operations Office
850 Energy Drive
Idaho Falls, Idaho 83401-1563

Re: Cost Impacts of FY'99 and FY'00 Funding Targets on
Implementation of the FFA/CO at INEEL

Dear Ms. Hain:

This is a follow up to our April 1998 meeting in which you identified a potential fiscal year (FY) shortfall of approximately \$28M in FY'98 and \$60M in FY'00 in funds necessary to implement needed programs in Environmental Restoration at INEEL. The FY'99-00 Environmental Management Prioritization, Rev. 8, lists over 190 projects as above the projected cut line for FY'99 and approximately 170 projects in FY'00. This list, dated 3/2/98, which was provided to the Citizen's Advisory Board differs from DOE-Id's April 21, 1998 list provided the state and EPA Project Managers. This later list has only 112 projects passing within the proposed budget ceiling in FY'98 and 121 in FY'00. It is unclear as to the reason for this change between lists.

As an example of the differences between the two lists, the 4/21/98 EM Prioritization list identifies RWMC FFA/CO Assessment as the highest ranking ER activity for FY'99, while the 3/2/98 list has INEL EM-40 Support as the highest ranking activity. Without the PBS and ADS data sheets, I cannot discern what activities are specifically covered for each listed activity title.

Table 1 shows a comparison of the proposed budget cuts estimated as necessary to meet FY'99 and FY'00 budget projections. The cuts suggested for Environmental Restoration (ER) are disproportionate to those for High Level Waste, Waste Operations and Spent Nuclear Fuel.

Although it appears that the SW-1 Program takes the largest cut, most of the proposed cost reductions in this program is under the activity, "EC legacy", which is noted as being distributed to the other Programs. This will likely result in even deeper cuts in the ER program. Over the past several years, the state and EPA have been asked to work within a flat or declining budget. We have done this by paring down our expectations and trimming the last ounces of fat from capital costs. Given the fact that we are moving from the Remedial Investigative phases to post WAG Comprehensive Records of Decision, more funds are required to achieve necessary cleanup. It is completely unreasonable to expect cleanup to cost the same or less than the investigation and study phase of a project.

TABLE 1
Program Comparison of Projected
Budget Shortfalls

Program	FY' 99 Rev. 8 ¹	Proposed % Cut	FY' 00 Rev. 8 ¹	Proposed % Cut	Avg % Cut
High Level Waste	\$58.8	19.2	\$66.3	-2.8	8.2
Waste Operations	\$98.7	5.4	\$96.7	19.3	12.4
<i>Environmental Restoration</i>	\$104.4	26.7	\$161.0	37.5	32.1
Sitewide Op- erations (SW-1)	\$65.0	38.7	\$58.4	40.1	39.4
CPP Operations	\$75.9	-0.92	\$61.4	-0.02	-0.47
Facility Deactivation	\$18.2	6.5	\$15.9	57.2	31.8
Spent Nuclear Fuel	\$82.8	12.1	\$85.3	36.7	24.4
TOTAL EM	\$502.0	15.9	\$545.0	25.9	20.9

Note: (1) in millions

I know the argument that the ER-FY'00 budget of over \$100M should be enough money to perform clean-up at typical Superfund sites. However, in the DOE system a large fraction of this amount is lost to uniquely DOE administrative costs. The factor used by EPA in normalizing DOE radiation cleanup to other sites is 2.5. The ineffectiveness of this budget is further exacerbated by the size and complexity of the INEEL site.

Given the size of the cut proposed for FY'00, I do not see a way to trim this amount of money short of abandoning many of your commitments under the FFA/CO. However, the major impact of postponement of the investigation and cleanup is to ultimately increase the total life cycle cost of cleanup at INEEL.

The only other area I see towards addressing such a large-scale budget shortfall in ER is to look for efficiencies in other programs. To my knowledge, the scope and cost estimate scrutiny the state and EPA has performed on the ER program has not been done for the other DOE-Id programs. If this is the case, additional monies may become available for DOE-Id to meet its statutory commitments, if a detailed cost review were conducted.

Pursuant to Executive Order 12088 and the FFA/CO, DOE is required to seek sufficient funding to meet its environmental compliance obligations, including the preparation of activity-specific cost estimates and budgetary proposals associated with implementation of the FFA/CO. If DOE requests necessary funding and Congress chooses to not adequately fund the DOE-Id ER Program, then we need to develop a plan for managing the shortfall. However, as stated in Paragraph 28.5 of the FFA/CO, DOE is not released from its obligations under the Agreement and must ultimately cleanup INEEL.

The issues raised above will require additional discussion. Please contact me at (206) 553-7261, if I can be of further assistance in this matter.

Sincerely,



Wayne Pierre
Project Manager

cc: Dean Nygard, IDHW