



The Secretary of Energy
Washington, DC 20585

March 17, 1995

Copy of [unclear]

Ms. Marilyn B. Reeves
Acting Chair
Hanford Advisory Board
800 NW Sixth Ave., Suite 342
Portland, Oregon 97209-3715

Dear Ms. Reeves:

Thank you for your letter of January 5, 1995, containing the consensus advice of the Hanford Advisory Board regarding the effect of the proposed budget reductions on the Office of Environmental Management. We appreciate your concerns and your willingness to work with us to resolve the problems raised by the proposed budget reductions.

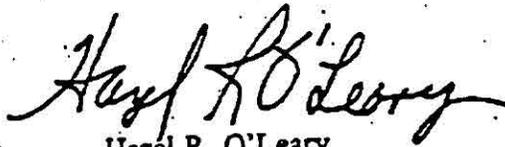
The Administration has committed to substantially restructuring the Department and achieving budget savings and asset sales of \$14.1 billion over the next five years. The weapons cleanup budget has taken \$4.4 billion of the reductions below the current spending ceilings. To do this will require a substantial reduction in the originally anticipated program. Congress is discussing the possibility of additional cuts. We plan to accelerate our productivity improvements to adjust for some of these cuts. We will also initiate significant work force reductions across the complex. However, the efficiency savings we are committed to producing will not offset all of the proposed budget reductions. This means that the proposed budget reductions may jeopardize our ability to comply with some existing agreements, beginning primarily in fiscal year 1997. These reductions will affect not only existing agreements but also the pace at which we can fulfill the Federal Facility Compliance Act requirements.

We intend to abide by the collaborative process the Department, the Environmental Protection Agency and the States began more than two years ago to address compliance with the Federal Facility Compliance Act. However, at the same time, we are concerned about the effect that the proposed budget reductions may have on our ability to commit to outyear milestones in the Federal Facility Compliance Act site treatment plans and to meet existing commitments, including the Tri-party Agreement.

We welcome the cooperation of the States, tribal governments, our advisory boards, and all of our stakeholders and look forward to a mutually satisfactory resolution of these problems. By working together to address the most pressing health, safety, and environmental concerns at the sites, we can further our mutual goal of accelerating the final cleanup at Hanford.

If you have further questions, please contact me, or have a member of your staff contact Mr. Thomas P. Grumbly, Assistant Secretary for Environmental Management, at (202) 586-7710.

Sincerely,



Hazel R. O'Leary