

**FINAL MEETING SUMMARY**

**HANFORD ADVISORY BOARD  
BUDGETS AND CONTRACTS COMMITTEE MEETING  
January 10, 2006  
Richland, WA**

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*This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.*

**Fiscal Year 2006 (FY06) Budget Allocation**

Janice Ward, Department of Energy – Richland Operations Office (DOE-RL), and Jeff Frey, DOE-RL, discussed the Fiscal Year 2006 (FY06) budget request. The President’s Budget Request was \$878 million. Figuring in Congressional earmarks of \$30 million and rescission/adjustments of \$10 million, and a \$7.7 million holdback by the Department of Energy – Headquarters (DOE-HQ) for multi-site requirements, the total expected funding for FY06 is \$891 million.

Jeff discussed the scope and preliminary allocation of Department of Energy – Environmental Management (DOE-EM) cleanup funding across Fiscal Year 2005 (FY05) final allocation, the FY06 Congressional request, and the FY06 allocation assuming a two percent reduction (one percent rescission and one percent multi-site assessment from DOE-HQ). Jeff highlighted the funding status of several DOE-RL project baselines (PBS). Significant funding increases occurred for safeguards and security (PBS RL-0020) and for River Corridor nuclear facility decommissioning and demolition (D&D) (PBS RL-0041), and nuclear facility D&D for the remainder of the Hanford site (PBS RL-0040). Budget allocations reflect the slow down of D&D activities at the Plutonium Finishing Plant (PFP), and additional significant funding reductions occurred for 200 Area solid waste stabilization and disposition (PBS RL-0013), soil and water remediation – groundwater vadose zone (PBS RL-0030), and operation of the waste disposal facility (RL-0080). There is an additional Congressional earmark of \$10 million available for technology application in RL-0030. Some emerging waste sites and emergency responses will continue in FY06, which is a cause for some of the plus-up funding.

**Comment [MJB1]:** Reductions on solid waste disposition and groundwater

Howard Gnann, DOE-ORP, presented budget information on DOE-ORP’s FY05 and preliminary FY06 budget allocation. Funding for the Waste Treatment Plant (WTP) was

reduced by \$100 million from the President's budget request to \$526 million. Estimating a five percent reduction, Howard showed the preliminary allocation of \$499.4 million for the WTP. He explained that the final rescission is expected to be closer to one percent than five percent. DOE-HQ reduced funding for tank farm activities by about \$18 million from \$329 million provided by Congress to \$310.9 million. DOE-ORP had planned for \$303 million in work. Howard indicated DOE-ORP is expecting another nominally \$30 million to be spread between the WTP and the tank farms. DOE will update the committee when it receives the final budget allocation numbers.

Howard provided an update on activities at the WTP. The focus of the majority of activities is on the construction of the low-activity waste (LAW) facility, the Balance of Facilities, and the Analytical Laboratory. For FY06, the design and construction of those facilities will proceed. The next priority will be the High Level Waste (HLW) facility and the Pretreatment (PT) facility. In FY06, Bechtel National Inc. (BNI) will incorporate the revised seismic criteria into the HLW and PT designs, and will proceed with design. BNI will analyze primary structural steel and piping with respect to the new seismic criteria in the HLW facility. In the PT, BNI will incorporate the revised seismic criteria into the design for structures and major vessels. The U.S. Army Corps of Engineers (USACOE) will review the structural designs. The Defense Nuclear Facilities Safety Board (DNSFB) will review the seismic criteria and designs of structures and major vessels. The USACOE will validate the designs.

Howard provided an update on tank farm activities. DOE-ORP is planning to retrieve waste from two small tanks in 241-C-Farm, one large tank in 241-C Farm (C-103), and one large tank in 241-S Farm (S-112), which had its large salt "heel" broken up using a water laser. DOE-ORP plans to remove the remaining material from the tanks, and will make sure to provide progress updates to the committee. Tank farm activities are operating at a rate that will spend \$308 million in FY06; DOE-ORP will likely receive between \$318 million to \$320 million in allocations. Tank C-108 is the next tank identified for waste retrieval.

### **Regulator Perspectives**

- Melinda Brown, Washington State Department of Ecology (Ecology), said DOE is behind schedule regarding 241-C-Farm tank waste retrieval, and Ecology remains concerned about C-Farm retrievals. Ecology also continues to be concerned about reduced funding for the WTP, which falls significantly below the approved baseline of \$690 million. Ecology has not released DOE-ORP from their 2011 milestone commitment to complete hot commissioning. Ecology understands the WTP project's technical issues and complexity, but believes a commitment from DOE to fund the WTP is necessary. The Governor has provided her comments on the funding situation, and Ecology remains committed to building an operational WTP.
- Melinda said Ecology has concerns regarding the Hanford budget allocation, which were stated during the budget meetings, and include:
  - Want to ensure appropriate cleanup activities are funded;

- A lot of funding is going for hoteling costs rather than cleanup activities;
- Safeguards and security costs are not related to cleanup, but receive DOE-EM funding. Ecology would like DOE to consider maintaining DOE-EM funding for cleanup work.
- Prefer funding be allocated to cleanup activities, which is always Ecology's primary emphasis.

### Committee Discussion

- *Gerry Pollet asked whether DOE has requested additional funding beyond the request for the River Corridor funding?* Jeff was unsure, but will let interested committee members know the cause of the increase.
- Gerry commented that the committee is concerned about which work activities would be restored with funding increases.
- *When will funding for the Fast Flux Test Facility (FFTF) begin to decrease?* Jeff said a ramp down in funding for the FFTF will occur when the decision is made for facility D&D.
- *Is there adequate funding for the new Tank Closure and Waste Management Environmental Impact Statement (TC&WM EIS) and EIS scoping?* DOE is pushing for identifying a planning assumption to inform the 2008 budget request.
- *Were the 2005 layoffs at the PFP made in anticipation of the \$58 million funding reduction between FY05 and FY06?* Jeff said the layoffs at the PFP occurred in anticipation of the budget reductions. He added that Hanford contractors took aggressive actions to position themselves for a reduced FY06 budget allocation, and that PFP activities have started to ramp down to an appropriate maintenance level.
- Susan Leckband commented that she considers the funding reductions alarming. *Although DOE had to slow down construction work at the WTP to deal with seismic issues, would more work have been possible if more funding were available?* Howard said DOE had planned to conduct WTP construction work with \$626 million in funding, but Congress reduced the budget for hurricane relief. Nevertheless, he added that funding for construction work at the WTP was already adjusted to address the seismic issues.
- *Although tank farm funding was reduced by \$61 million in one year, Vince Panesko wondered why this did not seem to be a concern?* Howard explained that DOE was unable to conduct two significant scopes of work: 1) The transuranic waste (TRU) project, which accounts for \$30 million to \$40 million, was stopped in 2005, and 2) The Tank Closure program. These two projects, in addition to the slow down at the WTP, resulted in the funding reduction.
- *Will C-Farm tank waste retrieval stop?* Howard said DOE is actively working on tank retrieval in C-Farm, and that work would not stop. DOE acknowledges it will miss the C-Farm milestone, but it plans to renegotiate the milestone. He emphasized that additional money would not help achieve that milestone.

- Gerry suggested the committee meet jointly with the River and Plateau Committee (RAP) in February, to receive more specific information about funding for various PBS activities. The committee would like to identify which work is not being funded, compared to work activities listed in the budget request.

### **Review and input to the 2008 and outyears' budgets, priorities and baselines**

Gerry said the committee is interested in receiving available information on the 2008 outyear budgets, schedule, priorities, and baselines. He emphasized to DOE that the committee wants to evaluate baseline changes beyond just evaluating funding changes.

Karen Lutz, DOE-RL, said DOE has been discussing how to conduct more effective communication regarding the budget in 2008. DOE is in the process of obtaining input and developing plans for public budget discussions. She indicated public involvement officers are working on developing planning purposes and processes, and there is an effort to get more senior DOE involvement earlier on in the year. She anticipates having more to report when the Public Involvement and Communications committee next meets.

### **Committee Discussion**

- *Is DOE planning to hold budget meetings throughout the region?* Karen said DOE is considering holding regional budget meetings, but it is unclear what form those meetings would take.
- Gerry expressed concern about the budget meetings and TC&WM EIS scoping meetings both being scheduled in February. Howard said DOE has a firm schedule for having the TC&WM EIS scoping meetings in February. Gerry suggested DOE ensure there is enough lag time between any two public meetings. Janice indicated DOE's budget timeline is tight. She said the 2008 DOE budget development cycle begins in mid-March, after the DOE field offices receive budget planning guidance from DOE-HQ in early March. Once the field offices receive budget planning guidance, they have between March 10 and April 15 to develop their respective field requests. Howard said he believes it would be appropriate to hold budget workshops sometime in April.
- Gerry commented that budget meetings should be scheduled to allow enough time for regulatory agencies and the public to prepare comments based on DOE-HQ budget guidance. He suggested a budget workshop in mid-March would provide adequate time to develop comments before DOE submits its request. Howard said a budget workshop should be held as soon as the guidance information is available.
- If the budget guidance information were not available until March 30, Gerry said he would be concerned the Hanford Advisory Board's (Board) comments would be made after DOE's budget submittal. Karen said comments and feedback from the public and agencies would be useful for informing internal DOE budget processes regardless of whether they are received before or after DOE's budget submittal.

- The committee discussed the Board's opportunity to provide advice on the DOE budget in April or June. Considering DOE's budget schedule, issuing advice in June would be too late. Howard indicated the Board could pre-empt budget guidance by providing advice on any shifts in program funding or priorities the Board does not agree with.
- Gerry requested the committee receive advance updates on changes to budget allocations. He said the Board would like to see proposed baseline changes when it evaluates DOE budgets. Changes to baseline funding should be part of the budget workshop or at least presented to the appropriate Board committees. Howard said the budget process and the baseline change process are two separate processes. Jeff explained that baseline changes occur at the same time as the budget request, which is the point when the process is most open for comments. He indicated it is likely that DOE will submit an over-target budget request, so activities that are not in line with Tri-Party Agreement (TPA) requirements may not receive funding.
- *Since there is a baseline proposal process that follows the same timeline as the budget development process, Gerry asked if it would be reasonable to request DOE share updates on the baselines with the committee?* Howard said changing a baseline is not an easy process. DOE takes the best information available for incorporation into the baseline estimate change processes.
- Al Boldt expressed concern that the decision to fund bulk vitrification may cost up to \$8 billion. Considering the current annual funding rate of approximately \$600 million, the schedule for the WTP would be delayed an additional three years, resulting in a 2018 startup date, rather than 2015. Gerry commented that these types of long-term funding issues are the reason the committee needs to look at project baselines.

### **Committee business**

- Proposed changes were incorporated into the summary of the committee's October meeting, and the summary was adopted.
- The committee discussed meeting topics for the next committee meeting in February:
  - Receive a joint update on DOE-RL's FY06 allocation with the RAP committee. As issue manager, Harold Heacock will summarize the committee's input on the DOE-RL allocation. Committee members should send comments to Harold so he can discuss them with in order to be on track with advice development.
  - Gerry expressed concern that DOE's presentation on the USACOE review of the WTP estimate at completion (EAC) did not meet the committee's request. Significant issues remain regarding the USACOE management recommendations and contract recommendations. He said much of the report is blacked out, so the public has not seen several recommendations in the redacted version. He requested DOE make the full report available. DOE-ORP said it would determine if and when the report would be

available to the public and let the committee know. The committee decided to request a joint committee meeting with the Tank Waste Committee (TWC) in March on the USACOE review of the WTP EAC.

- o Discussion of the President's FY07 budget request, which will be issued in February.
- o The committee agreed that a February committee meeting is necessary. The committee agreed a committee call was not necessary in January.

**Action Items / Commitments**

- DOE-ORP will update the committee when it receives the final DOE-HQ 2006 budget allocation numbers.
- Jeff Frey will let interested committee members know what caused the increase in the River Corridor PBS.
- DOE-ORP said it would determine if and when the USACOE report on the WTP EAC would be available to the public and let the committee know.

**Handouts**

*NOTE: Copies of meeting handouts can be obtained through the Hanford Advisory Board Administrator at (509) 942-1906, or tholm@enviroissues.com*

- FY 2006 Briefing to HAB Budget and Contracts Committee, DOE-RL, January 10, 2006.
- Office of River Protection FY 2005 and FY 2006 Budget Information, DOE-ORP, January 10, 2006.

**Attendees**

**HAB Members and Alternates**

Al Boldt	Gerry Pollet	
Dirk Dunning	Keith Smith	
Harold Heacock	Dick Smith	
Susan Leckband	Eugene Van Liew	
Vince Panesko		
Bob Parazin		

**Others**

Paul Carter, DOE-RL	Melinda Brown, Ecology	Penny Mabie, EnviroIssues
Steve Chalk, DOE-RL		Jason Mulvihill-Kuntz, EnviroIssues
Jeff Frey, DOE-RL		Barb Wise, FH
Karen Lutz, DOE-RL		Sharon Braswell, Nuvotec/ORP
Janice Ward, DOE-RL		Annette Cary, TCH

		Lynette Bennett, WCH-RCC
Howard Gnann, DOE-ORP		
Erik Olds, DOE-ORP		