

## **Fiscal Year (FY) 2014 Lifecycle Cost, Schedule and Cost Report**

*Note: The following is a compiled draft of all the edits received as of 05.02.14*

### **Background**

The Hanford Advisory Board (Board) appreciates the opportunity to comment again on the 2014 Hanford Lifecycle Scope, Schedule and Cost Report (Lifecycle Report). The Lifecycle Report should be the single document that best provides a complete picture of the Hanford cleanup missions cost, schedule and long term stewardship, once cleanup is complete. It also provides a historical picture of the cleanup mission to the public. This report, assuming it contains the complete, total budget requirements for Hanford cleanup, should be the foundation for budget requests from the U.S. Department of Energy (DOE) Richland Operations Office (RL) and the DOE - Office of River Protection (ORP) to DOE Headquarters annually.

Today we are facing both DOE Requests to Congress and appropriations that are significantly lower than estimates provided in the Lifecycle Report. The impacts of those cuts are significant on several levels and increases the ultimate cost of cleanup to the American taxpayer. The Board believes that it is time for the federal government to commit to completing the mission at Hanford. Any reduction of funds impacts completion of projects, the ability to start new projects, adds cost escalations of existing projects and the ability to meet legally required milestones in the Consent Decree or the Tri-Party Agreement as amended. The funding profile now in the Lifecycle Report (see figure ES-1 on page ES-3) reflects a significant funding increase in the Hanford budget. In out years FY2015 through FY2041, the budget is as much as \$2 billion dollars higher than it is today. If the budget figures were to remain at the current level, the completion dates could be extended out an additional 20 to 30 years. The Lifecycle Report does not estimate those additional costs that would be incurred with those delays, although this is ostensibly a significant purpose of it.

A number of assumptions listed within the document seem unrealistic, and result in further underestimating the costs necessary for cleanup. As one example, a key assumption in all versions of the Lifecycle Report is that the double-shell tanks (DSTs) will remain fully operational for the nominal 40 year duration of the waste treatment mission. The discovery of a leak in the inner liner of AY-102 in 2012 undercuts this assumption and complicates contingency planning and costs for tank retrieval.

Due to the construction problems identified with AY-102 and with several other DSTs, and the continuing delays with the Waste Treatment Plant, the Lifecycle Report should estimate the cost of construction of additional tanks. The Board recommended over a year ago that DOE should be planning for the construction of additional tanks, yet there is no planning reflected in

the Lifecycle Report that would request Congressional action for the additional funds. The Lifecycle Report to date does not contain any funding profiles to accomplish this task.

The Lifecycle Report also fails to identify costs from DOE's proposals which will extend the time required to retrieve Single Shell Tanks (SSTs) beyond 2040 overall in addition to nearer term deferrals. This presumably entails costs from delaying closure and cleanup of tank farms as well as the direct costs of delay. As with funding to empty DST AY-102, the report should examine the cost and schedule alternatives for early startup of low activity waste, the potential for commercial drying of some SST wastes, and for emptying leaking SSTs and meeting existing retrieval milestones.

### **Advice**

The Board remains concerned with a number of items that have been identified as part of the mission, but have not yet been scheduled or have a funding baseline.

1. The Lifecycle Report should estimate additional long-term costs that are incurred when funding levels do not meet the out-year estimates provided in this document. The current report estimates Hanford's funding needs in 2015 as about \$3.2 billion. Current funding projections are that the site would receive funding of about \$2 billion. The next version of this report should clearly explain the added costs that will be incurred if that additional \$1.2 billion in funding is not provided.
2. Cleanup actions still remain for which final decisions have not been made (see table 1-3 on page 1-9) which could lead to significant cost escalations.
3. DOE-ORP's path forward is not defined nor are cost estimates provided in this report.
4. There is a significant increase in the RL-100 budget starting in 2015; a significant increase in RL-0040 when compared to last year's report; and a substantial decrease in RL-0013C, but no explanation is provided for any of these changes. Nor is there an explanation for why the Lifecycle Report presents an increase in DOE-RL budgets despite a decrease in DOE's request to Congress for FY2015.
5. The Lifecycle Report reflects permanent HLW storage in an underground repository. The underground repository was put on hold four years ago; this Lifecycle Report should now reflect alternative plans and estimates for on-site storage.
6. The MSA contract reflects significant increases in future years. The reason for the increases should be stated in the Lifecycle Report.
7. DOE should revise the Lifecycle Report to reflect actual DOE budget requests to Congress. The groundwater budget estimates a cost of \$127,272,000 in Fiscal Year (FY) 2014, and then jumps to \$619,187,000 in FY 2015. This increase presented in the Lifecycle Report does not meet the reality of DOE's actual FY 2015 Budget Request to Congress, which is \$98 million

less for DOE-RL, of which \$95 million of reductions is in the accounts funding groundwater in the Central Plateau and River Corridor Closure. (Source: Volume 5 EM Budget Justification at page 191).

8. Budget estimates for the RL-040 account should clearly identify the delta between the cost of the workscope/schedule and the actual funding expected; estimates go from \$25,923,000 in FY2014, to \$134,349,000 in 2015, then \$351,762,000 in FY 2016. Yet decontamination and decommission of nuclear facilities in the Central Plateau is mostly on hold.
9. In FY2013 actual funding has been significantly lower than funding profiles provided in annual Lifecycle Reports. The Lifecycle Report funding profiles are built on meeting the Consent Decree milestones and the Tri-Party Agreement. Therefore, if full funding is not provided, then milestone commitments will be missed. The Board is concerned that DOE has not made any effort to revise the FY 2014 Lifecycle Report schedules as stated by the Board in a letter sent in December of 2013.
10. The Lifecycle Report should examine the cost and schedule alternatives for early startup of LAW, the potential for commercial drying of some SST wastes, and for emptying leaking SSTs and meeting existing retrieval milestones.
11. The Lifecycle Report should include examination of the potential cost and schedule to have noncompliant wastes removed for treatment as fast as commercial treatment capabilities allow, reflecting several years of Board requests for treatment of improperly stored mixed wastes and following Orders from EPA and Ecology.
12. The Lifecycle Report should also present the cost and schedule for moving Cesium and Strontium capsules into dry cask storage as recommended by DOE's Inspector General.

*Note: Numerological order does not reflect the order of importance and will be revised to a bulleted list after editing*

*Maybe some general statement of Compliance costs vs. reality of what OMB decides is enough should be added to the background to help Board members and the public understand better the huge delta between the estimates and what Hanford has actually been getting budget-wise. This could go along with the identification of the impacts of non-compliant funding: i.e. delays in cleanup, more equipment being used past design life (tanks) increases risk of leakage, more costs with inflation and escalation, etc., etc. What do you all think? Susan Leckband*