



U.S. Department of Energy  
Hanford Site

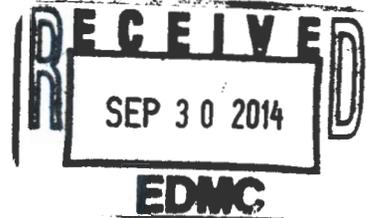
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14-HAB-0027

SEP 24 2014

Mr. S. E. Hudson, Chair  
Hanford Advisory Board  
Enviroissues Hanford Project Office  
713 Jadwin, Suite 4  
Richland, Washington 99352



Dear Mr. Hudson:

HANFORD ADVISORY BOARD (HAB) JUNE 5, 2014, CONSENSUS ADVICE #276 "2014 LIFECYCLE SCOPE, SCHEDULE, AND COST REPORT (LIFECYCLE REPORT)"

Thank you for Advice #276 and for your interest in the 2014 Lifecycle Scope, Schedule and Cost Report (Lifecycle Report). The U.S. Department of Energy and the Tri-Party Agreement (TPA) agencies appreciate your taking the time to read and comment on the Lifecycle Report. Production on the 2015 Lifecycle Report is beginning and your comments will be considered in that process.

Below are specific responses to your advice:

**Advice Point #1:** The Board advises that DOE include a variety of Hanford funding scenarios that show the negative impact of reduced budgets on out-year cleanup schedules (e.g., the effect of \$2 billion flat funding through successful completion of cleanup). The next version of this report should clearly explain the added costs that will be incurred if that additional funding is not provided.

**Response:** The content and purpose of the Lifecycle Report follow the direction of TPA Milestone M-36-01. That milestone language does not include direction to provide multiple or reduced funding scenarios – only the "full compliance" planning case; therefore, this advice cannot be acted upon.

**Advice Point #2:** The Board advises that the Lifecycle Report be changed to recognize that national, permanent, high-level waste storage in a deep geologic repository is unlikely in the near-term. Since the repository was put on hold four years ago, the Lifecycle Report should reflect alternate plans and estimates for temporary on-site storage.

**Response:** The Lifecycle Report is not a regulatory decision-making document. By design, and via language in TPA Milestone M-036-01, the Lifecycle Report only shows planning cases for existing regulatory decisions; therefore, this advice cannot be adopted.

**Advice Point #3:** The Board advises the Tri-Party agencies to provide preliminary cost estimates for remaining cleanup actions.

SEP 24 2014

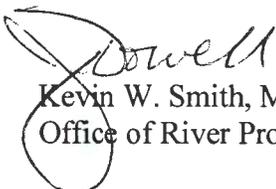
**Response:** The Lifecycle Report planning case includes cost estimates for all cleanup actions, with or without final decisions. For those cleanup actions that do not have a final decision in place, the TPA agencies review a list of actions (Table A-6) each year for possible inclusion in the Lifecycle Report as an "alternative analysis." For the 2014 Lifecycle Report, the TPA agencies decided, collectively, to forgo an alternative analysis – citing level of effort versus benefits and insights gained, and the timing of anticipated regulatory decisions. This same process led the TPA agencies to not pursue an alternative analysis as part of the 2015 Lifecycle Report. Uncertainty with regard to specific clean-up actions currently planned and concern for consistency with ultimate records of decision, along with other project risks and uncertainties, are continuously evaluated as part of project risk management and reflected as appropriate in the contingency analysis represented in the cost ranges in the report.

**Advice Point #4:** The Board advises the Tri-Party agencies to assess the value of issuing annual Lifecycle Reports when baseline schedules have not changed.

**Response:** The Lifecycle Report is a required TPA Milestone M-036-01. The TPA agencies discussed modifying the Lifecycle Report frequency but decided that at this time no changes to the milestone were needed.

Thank you again for your advice on this subject. If you have any questions, you may contact us or you may contact Kristen Skopeck at (509) 376-5803.

  
Doug S. Shoop, Acting Manager  
Richland Operations Office

  
Kevin W. Smith, Manager  
Office of River Protection  
FOIA

PIC:SLK

cc: see page 3

Mr. S. E. Hudson  
14-HAB-0027

-3-

SEP 24 2014

cc:

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June 5, 2014

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Jane Hedges, Manager  
Washington State Department of Ecology  
3100 Port of Benton Blvd.  
Richland, WA 99354

Re: 2014 Lifecycle Scope, Schedule and Cost Report

Dear Messrs. Shoop, Smith, Faulk and Ms. Hedges,

## Background

The Hanford Advisory Board (Board) appreciates the opportunity to comment 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 fiscal picture of the Hanford cleanup mission's cost, schedule and long-term stewardship once cleanup is complete. It should also provide an 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 and the DOE - Office of River Protection to DOE-Headquarters annually.

Today we are facing both DOE requests to Congress and appropriations that are significantly lower than the estimates provided in the Lifecycle Report. The impacts of these cuts are significant on several levels and increase 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 funding impacts completion of projects and the ability to start new projects. In

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JUN 11 2014  
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HAB Consensus Advice # 276  
Subject: 2014 Lifecycle Scope, Schedule & Cost Report  
Adopted: June 5, 2014  
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addition, this adds cost escalations to existing projects, and affects the ability to meet legally required milestones in the Consent Decree or the Tri-Party Agreement (TPA) as amended.

The funding profile in the current Lifecycle Report reflects a significant funding increase in the Hanford budget. In out years Fiscal Year (FY) 2015 through FY 2041, the budget is as much as \$2 billion higher than it is today. If the budget figures remain at the current level, the completion dates could be extended out an additional 20 to 30 years. The Lifecycle Report does not estimate these additional costs that would be incurred because of these delays, although this is ostensibly a significant purpose of the Lifecycle Report.

A number of assumptions listed within the document seem unrealistic, and result in a further underestimating of the costs necessary for cleanup. For example, a key assumption in all versions of the Lifecycle Report is that the double-shell tanks will remain fully operational for the 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, complicates contingency planning, and the costs for tank retrieval.

Due to the construction problems identified with AY-102 and with several other DSTs<sup>1</sup>, and the continuing delays with the Waste Treatment Plant, the FY 2015 Lifecycle Report should include estimates from a revised DOE baseline. One year ago, the Board recommended that DOE should be planning for additional storage capacity.

Since FY 2013, actual funding has been significantly lower than funding profiles provided in the annual Lifecycle Reports. As noted previously, the Lifecycle Report funding profiles are built on meeting the Consent Decree and TPA milestones. Therefore, if full funding is not provided, milestone commitments will be missed. The Board is concerned that DOE has not revised the FY 2014 Lifecycle Report schedules as requested by the Board in a letter sent in December of 2013.

#### Advice

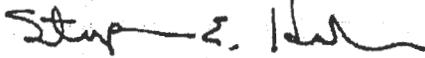
- The Board advises that DOE include a variety of Hanford funding scenarios that show the negative impact of reduced budgets on out-year cleanup schedules (e.g. the effect of \$2 billion flat funding through successful completion of cleanup). The next version of this report should clearly explain the added costs that will be incurred if that additional funding is not provided.
- The Board advises that the Lifecycle Report be changed to recognize that national, permanent, high-level waste storage in a deep geologic repository is unlikely in the near-term. Since the repository was put on hold four years ago, this Lifecycle Report should reflect alternative plans and estimates for temporary on-site storage.
- The Board advises the Tri-Party agencies to provide preliminary cost estimates for remaining cleanup actions.

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<sup>1</sup> Tanks AY-101, AZ-101 and 102, and SY-101, 102 and 103

- The Board advises the Tri-Party agencies to assess the value of issuing annual Lifecycle Reports when baseline schedules have not changed.

Sincerely,



Steve Hudson, Chair  
Hanford Advisory Board

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*This advice represents Board consensus for this specific topic. It should not be taken out of context to extrapolate Board agreement on other subject matters.*

cc: Jeff Frey, Deputy Designated Official, U.S. Department of Energy Richland Operations  
Office  
David Borak, U.S. Department of Energy, Headquarters  
The Oregon and Washington Delegations



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July 10, 2014

14-NWP-133

Mr. Steve Hudson, Chair  
Hanford Advisory Board  
713 Jadwin, Suite 3  
Richland, Washington 99352

Re: Hanford Advisory Board Consensus Advice # 276 "2014 Lifecycle Scope, Schedule and Cost Report"

Dear Mr. Hudson:

Thank you for the Hanford Advisory Board's advice regarding the "2014 Hanford Lifecycle Scope, Schedule and Cost Report" (Lifecycle Report). The Department of Ecology (Ecology) has considered your comments and would like to share our perspectives.

- The Board advised the United States Department of Energy (USDOE) to include a variety of Hanford funding scenarios that show the negative impact of reduced budgets on out-year cleanup schedules and the added costs that will be incurred if additional funding is not provided.

Ecology shares your concerns that the USDOE requests to Congress and Congressional appropriations are significantly lower than the estimates provided in the Lifecycle Report. But we view your request as outside the scope of the Lifecycle Report.

Tri-Party Agreement (TPA) Milestone M-036-01 requires USDOE to prepare a report that reflects actions necessary to meet applicable environmental obligations. Therefore, we encourage you to work with the USDOE to evaluate the impacts of reduced budgets in a venue other than the Lifecycle Report.

- The Board advised that the Lifecycle Report be revised to reflect that a permanent geologic repository is unlikely in the near term.

Ecology agrees, and has contacted USDOE to request that the cost of the immobilized high-level waste (IHLW) interim storage be added to the next Lifecycle Scope, Schedule and Cost Report.

The text on page 5-10 of the 2014 Lifecycle Report includes two contradictory statements:

"A planned offsite geologic repository will be ready to accept IHLW canisters from the Hanford Site starting in April 2023." (Bullet 2)

"ORP recognizes delays in the availability of a national geologic repository by April 2023 as a key uncertainty." (Footnote 6)

Ecology thinks adding the cost of the IHLW interim storage to the next Lifecycle Report will reconcile this contradiction.



Mr. Steve Hudson  
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- The Board advised the Tri-Party agencies to provide preliminary cost estimates for remaining cleanup actions.

In the Lifecycle Report, those cleanup actions appear in Appendix B, Table B-1. The range of plausible alternatives appears in Tables B-2, B-3, and B-4. An anticipated schedule for detailed analyses of future cleanup action alternatives appears in Table B-6.

Ecology supports evaluation of the alternatives on the schedule in Table B-6, as it will be modified by the M-036-01 Project Managers. We view preparation of preliminary estimates now as expending scarce resources.

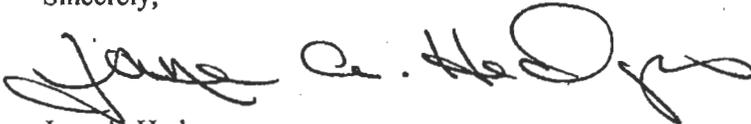
Further, we think it likely that changes in the TPA, possible amendments to the Consent Decree, and changes in environmental laws and rules will make revision of the estimates necessary.

- The Board advised the Tri-Party agencies to assess the value of issuing annual reports when baseline schedules have not changed.

Ecology agrees. It is possible there will be substantial changes to milestones during the next year, which would be reflected in the Federal Fiscal Year 2016 Lifecycle Report. Therefore, Ecology will encourage the Tri-Party agencies to revisit your request in April 2016.

If you have any questions regarding our responses, please contact John Price at [John.Price@ecy.wa.gov](mailto:John.Price@ecy.wa.gov) or (509) 372-7921.

Sincerely,



Jane A. Hedges  
Program Manager  
Nuclear Waste Program

cc electronic: Dennis Faulk, EPA  
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Jeff Frey, USDOE-RL  
Stephen Korenkiewicz, USDOE-RL  
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