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WASHINGTON PUBLIC POWER SUPPLY SYSTEM

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July 28, 1997
HGP-G01-97-0022

U.S. Department of Energy/R.L. Office
Steve Sandlin
Business Manager/E.R. Project
HO-12 3350 George Washington Way
Richland, WA 99352



Dear Mr. Sandlin:

Subject: **HANFORD GENERATING PROJECT (HGP) DISPOSITION**

Reference:

The Washington Public Power Supply System (Supply System) and the Bonneville Power Administration (BPA) have worked with the Department of Energy - Richland Operations (DOE) for several years on the disposition of the Hanford Generating Project (HGP) facilities. Our joint objective has been to achieve the decontamination, demolition, and subsequent environmental restoration of the HGP site. Alternatives considered have ranged from the Supply System conducting the entire restoration with compensation by DOE to the Supply System for the cleanup of radiological contamination to a transfer of the facility to DOE with Supply System compensation to DOE for the demolition and restoration. The Supply System has fully supported the DOE in reviewing alternative approaches to achieve this objective.

Recently, the transfer of the HGP facilities to the DOE has been the principal alternative under consideration. The Supply System and the BPA have supported a transfer because of DOE's responsibility for the radiological contamination at HGP. The Supply System has acknowledged its responsibility for restoration of a non-radiological contaminated site. The transfer would have been based on demolition costs, asset recovery values, and environmental restoration costs, with an equitable monetary exchange between the two parties. The transfer has not been consummated due in part to our inability to establish a fair cost for the demolition and restoration. The Supply System is responsible only for a normal "commercial" restoration at a non-radiological contaminated site while work conducted by DOE is subject to its requirements for work at the Hanford site.

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The Supply System is now pursuing various demolition, asset recovery, and environmental restoration initiatives that are not hindered by the presence of radiological contamination. These options include asbestos remediation, cleanup of the non-radiological Solid Waste Management Units (SWMUs), and cleanup of the other normal commercial demolition hazardous wastes. DOE and various consultants to the Supply System have emphasized that in order to control cleanup costs, a reasonable characterization is recommended. The Supply System has initiated steps to proceed to characterize and cleanup identified non-radiological contamination areas.

In a meeting with you and other DOE representatives on July 11, 1997, the Supply System provided you with a copy of a "HGP Asbestos Identification and Quantification Report" recently prepared by one of its contractors. This characterization was provided to DOE for use in preparing a DOE proposal to remove and dispose of the HGP asbestos. As confirmation to our discussion, the Supply System will consider the option of having the asbestos remediation work conducted at the behest of the DOE by its selected contractor. The Supply System looks forward to receiving DOE's asbestos remediation proposal by August 11, 1997 and will compare it to the "Engineer's Estimate". If DOE's proposal is within 15% of the "Engineer's Estimate" the Supply System may elect to transfer the HGP asbestos removal and disposal responsibilities to DOE. If this proposal is not within 15% of the "Engineer's Estimate" the Supply System will immediately proceed with its own competitive procurement process for the HGP asbestos removal and disposal.

The Supply System is also willing to consider DOE proposals for the remediation and cleanup of the non-radiological Solid Waste Management Units "SWMU's" and cleanup and disposal of all other normal commercial demolition hazardous materials. The Supply System wants to have the HGP facilities in a condition to allow unencumbered demolition, recovery of assets and remediation to acceptable commercial standards. The Supply System would like to establish the workscopes for these activities by October 1, 1997, and wants to work with DOE to this purpose.

The Supply System expects that the DOE will be fully responsible for the cleanup of all radiological contaminated SWMU's and would seek to have this work proceed concurrent with other site remediation.

The Supply System intends to move forward with the activities necessary to address its responsibilities to restore the HGP facilities and be free of further encumbrances there. We have continued to cooperate to seek mutual solutions to this purpose. The approach we have now set, to address separate parts of the restoration e.g. the asbestos, the SWMU's, any contamination, and demolition as separate workscope activities may afford us the opportunity to proceed with the work itself.

Mr. Sandlin

HANFORD GENERATING PROJECT (HGP) DISPOSITION

049444

Page 3

It is our desire that DOE and its contractors can be competitive with commercial contractors for the facility's cleanup. Failing this, it is the Supply System's intent to request that DOE provide a "free release" of the HGP facilities. If such authorization cannot be provided by DOE, for whatever reason, the Supply System will request that DOE proceed immediately with the removal of all radiological contaminants at HGP facilities. Otherwise, the Supply System is prepared to conduct the removal of any contaminated equipment and materials and seek compensation for its costs from the DOE. The Supply System will also request DOE to provide any future required radiological monitoring, if necessary, subsequent to the "free release." DOE shall be solely and exclusively responsible for all costs and expenses resulting from the removal of radioactive/radiological contamination from the HGP Site.

We look forward to receiving your proposal in the next week and to continuing to work together in our efforts to restore the HGP without further delay.

Respectfully,



D.W. Fraley

WNP-1/3 & HGP Projects Manager (Mail Drop 817)

cc: Phil Staats,(Dept. of Ecology)