



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10 HANFORD PROJECT OFFICE
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EDMC

Steve Veitenheimer
Director, Office of Spent Nuclear Fuel
U.S. Department of Energy
P.O. Box 500
Richland, WA 99352

Re: Notice of Violation for Missed K Basins Milestone M-34-29

Dear Mr. Veitenheimer:

The U.S. Department of Energy (DOE) failed to complete Milestone M-34-29 of the Hanford Federal Facility Agreement and Consent Order (Tri-Party Agreement) by the March 31, 2002 deadline. Therefore, the U.S. Environmental Protection Agency (EPA), the lead regulator for this milestone, is issuing this Notice of Violation. This milestone required DOE to:

Complete K East Basin and K West Basin facility modifications for Alternate Fuel Transfer Strategy cask transportation system. This interim milestone shall be complete when all modifications to support transfer of spent nuclear fuel from K East Basin to K West Basin are complete. All modifications shall be constructed and installed and all construction acceptance tests (CATs) shall be completed. The Construction Completion Document, Section IB shall be signed with either no exceptions or with only minor exceptions, which do not affect the functionality of the system.

Milestone M-34-29 represents a critical step towards completion of milestone M-34-17 which is "Initiate removal of K East Basin spent nuclear fuel." The DOE and EPA acknowledged the importance of timely completion of this work by not only signing up to these milestones, but by creating target date, M-34-26-T01, to "Approve Start of Construction for the K East Basin and K West Basin facility modifications for Alternate Fuel Transfer Strategy cask transportation system" due August 30, 2001. That target date was not completed until November 16, 2001.

This missed milestone is symptomatic of lack of progress in other areas of this project as well.

- A new schedule was created about a month ago for the sludge-water system because that portion of the project was significantly behind the existing schedule.
- On March 20, 2002 the 50th MCO (multi-canister overpack) was removed. That is 16 MCOs behind schedule.
- Tri-Party Agreement target date M-34-12-T01 to initiate canister cleaning operations due December 31, 2000 was not completed until March 2002.

This project's inability to maintain its schedule is a matter of great concern to EPA; however, we do want to acknowledge the large amount of progress that has been made. The spent nuclear fuel project continues to remove fuel safely, and progress on these other work elements continues. The project also has been very honest and open with EPA regarding progress and issues that are encountered in the course of conducting work covered by the M-34 milestones, which we appreciate.

There are several major project elements that need to be completed by the end of this calendar year, and these are represented in Tri-Party Agreement milestones. These are:

- 1) A rapid and sustained improvement in the rate of fuel removal to meet the M-34-18A milestone to remove 190 MCOs of fuel by December 31, 2002.
- 2) Complete design, construction, startup and other activities to initiate removal of sludge in compliance with milestone M-34-08 by December 31, 2002.
- 3) Initiate removal of K East Basin fuel in compliance with milestone M-34-17 by November 30, 2002.

The violation described above can subject DOE to enforcement action, including stipulated penalties. EPA is not assessing stipulated penalties for this violation at this time, but reserves the right to take enforcement action for this violation, including the assessment of stipulated penalties as provided for by the Tri-Party Agreement. EPA intends to continue our support for this project and to monitor progress towards timely completion of the M-34 series milestones, particularly the upcoming milestones M-34-18A, M-34-08, and M-34-17. It is critically important that DOE take steps necessary to comply with these TPA requirements.

If you have any questions on this matter, please contact Larry Gadbois at 509-376-9884.

Sincerely,



Mike Goldstein
Acting Hanford Project Manager

cc: Paul Day, HN
Mark French, DOE
Joel Hebdon, DOE
Bob Heck, FHI
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Administrative Record, 10C-KR-2