



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352
AUG 21 2001

0055369

01-RCA-387

Mr. Michael A. Wilson, Program Manager
Nuclear Waste Program
State of Washington
Department of Ecology
1315 W. Fourth Avenue
Kennewick, Washington 99336

RECEIVED
AUG 24 2001

EDMC

Dear Mr. Wilson:

STATUS ON THE REVIEW OF THE DECISION TO PERMANENTLY DEACTIVATE THE
FAST FLUX TEST FACILITY (FFTF)

The review of the factors related to a prior decision to permanently deactivate the FFTF, led by Michael Holland, Manager, Brookhaven Area Office, has been completed and the report submitted to the Secretary of Energy. Based upon the review of all options and the submitted expressions of commercial interests, the Secretary of Energy, Spencer Abraham, decided that only one response, submitted by Advanced Nuclear and Medical Systems (ANMS), provided new information worthy of further consideration for the commercialization of the FFTF and several other surplus facilities at Hanford for production of medical and other industrial isotopes. An August 1, 2001, U.S. Department of Energy (DOE) news release announced that DOE will begin a 60-day review of one expression of interest in using the FFTF as a commercial production facility.

Secretary Abraham appointed James Owendoff, DOE Principal Deputy Assistant Secretary for Environmental Management, to lead a working group to evaluate the viability of the ANMS business approach and legal options available for the lease or sale of this DOE property. The working group evaluation is planned to be concluded by September 30, 2001.

For reference, I have attached the July 25, 2001, DOE Headquarters letter to The Honorable Gary Locke, Governor of Washington, from Spencer Abraham, Secretary of Energy (Attachment 1); the August 1, 2001, DOE News Release, "DOE Announces Completion of 90-Day Fast Flux Test Facility Review; Begins Evaluation of Proposed Commercial Reuse of Hanford Facility" (Attachment 2); and the August 1, 2001, DOE Memorandum to James Owendoff, Principal Deputy Assistant Secretary for Environmental Management, from Kyle McSlarrow, Chief of Staff, "Fast Flux Test Facility" (Attachment 3).

Mr. Michael A. Wilson
01-RCA-387

-2-

AUG 21 2001

The DOE Richland Operations Office (RL) will notify you of the Secretarial decision as soon as we are informed. If the decision is to deactivate the FFTF, RL will submit, within 90 days of the decision, a draft Tri-Party Agreement change control request detailing a proposed set of FFTF transition milestones and associated targets.

If you have any questions, you may call me, or your staff may call W. Wade Ballard, Assistant Manager for Planning and Integration, on (509) 376-6657, or O. A. (Al) Farabee, Director, FFTF Project Office on (509) 376-6314.

Sincerely,



Michael H. Schlender, Deputy Manager
for Site Transition

Attachments

cc w/attachs:

T. C. Fitzsimmons, Ecology
M. D. Holland, CH
E. A. Livingston-Behan, S
W. D. Magwood, NE-1
T. M. Martin, HAB
R. E. Piippo, FHI
J. E. Rhoderick, EM-43
J. H. Roberson, EM-1
D. R. Sherwood, EPA
R. F. Stanley, Ecology
Administrative Record



The Secretary of Energy
Washington, DC 20585

July 25, 2001

The Honorable Gary Locke
Governor of Washington
Olympia, Washington 98504

Dear Governor Locke:

On April 25, 2001, I suspended the decision to permanently deactivate the Fast Flux Test Facility (FFTF) as indicated in the Record of Decision for "The Final Programmatic Environmental Impact Statement for Accomplishing Expanded Civilian Nuclear Energy Research and Development and Isotope Production in the United States."

In late April, I chartered Michael Holland, Manager of the Brookhaven Area Office, to lead a 90-day review of the key factors related to the decision to permanently deactivate the FFTF. The 90-day review will consider expressions of interest from the public and private sectors for potential FFTF missions in partnership with the Department, analysis of cost and schedule estimates for FFTF deactivation and restart, and public input on whether to deactivate or restart the FFTF. The results of the review will be documented in a report and submitted to my office by July 31, 2001. Upon receipt of this report, I will consider the viability of partnerships associated with the use of the FFTF, as well as the various benefits and difficulties associated with the operation of this facility.

If the decision is to deactivate the FFTF, the Department of Energy Richland Operations Office will submit within 90 days of my decision, a draft agreement change control request detailing a proposed set of FFTF transition milestones and associated targets. This will comply with the existing Federal Facility Agreement and Consent Order as it applies to the FFTF. We anticipate contacting your office on a regular basis to provide updates on the status of the review.

Sincerely,

A handwritten signature in black ink, reading "Spencer Abraham", is written over a horizontal line.

Spencer Abraham



Printed on recycled paper

From: ^Hanford Office of Public Affairs

Sent: Wednesday, August 01, 2001 1:24 PM

Subject: DOE Announces Completion of 90-Day Fast Flux Test Facility Review; Begins Evaluation of Proposed Commercial Reuse of Hanford Facility

DOE NEWS

NEWS MEDIA CONTACTS:

Joe Davis, 202/586-4940

Hope Williams, 202/586-5806

FOR IMMEDIATE RELEASE

Wednesday, August 1, 2001

**DOE Announces Completion of 90-Day Fast Flux Test Facility Review;
Begins Evaluation of Proposed Commercial Reuse of Hanford Facility**
-- Submittal for Proposed Medical Isotope Production to be Evaluated --

WASHINGTON, D.C. -- The Secretary of Energy today accepted the final report of a 90-day review of options for restart or shutdown of the Fast Flux Test Facility (FFTF) located at the Department's Hanford Reservation near Richland, Washington, and announced that the department will begin a 60-day review of one expression of interest in using the FFTF as a commercial production facility for medical isotopes in the treatment of cancer and research, as well as other industrial uses.

The initial review and report on options for reactor restart or shutdown was commissioned by the Secretary in April, directing the Department of Energy (DOE) to thoroughly review all relevant factors affecting the January 2001 decision to permanently deactivate the FFTF. The final report was forwarded to the Office of the Secretary on July 27, by Mike Holland, director of the review team.

Based on the review of all options and the submitted expressions of commercial interest, the review team concluded that only one submittal provides new information worthy of further consideration for the potential commercial use of the facility and several other surplus Hanford facilities. The submittal describes the potential use of these facilities for the production of medical and other industrial isotopes.

A working group that includes DOE's real property and procurement specialists and legal counsel will be tasked to evaluate, by the end of September 2001, the viability of the submittal to use the facility for the commercial production of medical and other industrial isotopes, and options for disposition of the property. Based on that evaluation and considerations of the submittal under the National Environmental Policy Act, the Secretary will then decide whether to pursue disposition of the FFTF for commercial use or move ahead with facility deactivation.

(MORE)

R-01-129

- 2 -

The final report forwarded to the Secretary also includes:

- The cost and schedule estimates of the deactivation and restart of the FFTF, which were found to be reasonable but yet to be validated.
- Potential new nuclear research programs that could be considered by DOE.
- Extensive stakeholder comments received during the review on issues related to the restart or deactivation of the FFTF.
- A summary of 20 existing studies, reports, assessments of need and environmental reviews, which provides background information regarding medical and industrial isotope production, plutonium and tritium production, nonproliferation programs, research and development, the Hanford site cleanup, shutdown of the FFTF, and previous stakeholder input.

The FFTF is a thermal, liquid-cooled reactor owned by the Department of Energy and located on the Hanford Reservation, near Richland, Washington. The reactor was shutdown in 1992 and its nuclear fuel subsequently removed. The reactor is currently maintained in a safe standby condition.

- DOE -

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DEPARTMENT OF ENERGY
Washington, DC 20585

August 1, 2001

OFFICE OF THE SECRETARY

MEMORANDUM FOR JAMES OWENDOFF
PRINCIPAL DEPUTY ASSISTANT SECRETARY
FOR ENVIRONMENTAL MANAGEMENT

FROM: KYLE MCCLARROW *KM*
CHIEF OF STAFF

SUBJECT: Fast Flux Test Facility

We have received the final report on a 90-day review of all relevant factors affecting the suspended January 2001 decision to permanently deactivate the Fast Flux Test Facility (FFTF). As you know the review included a solicitation through the Commerce Business Daily for expressions of interest from the private and public sectors for use of the FFTF for three identified missions: medical isotope production, Pu-238 production for space missions, and nuclear energy research and development. Based upon the review of all options and the submitted expressions of commercial interest, the review team concluded that only one response — submitted by Advanced Nuclear and Medical Systems (ANMS) — provides new information worthy of further consideration for the commercialization of the FFTF and several other surplus facilities at Hanford for the production of medical and other industrial isotopes.

Based on preliminary discussions with The Department of Energy's (DOE) real property and procurement specialists and counsel, I am requesting that you lead a working group over the next 60 days to evaluate the viability of the ANMS business approach and legal options available to the Department for the lease or sale of this DOE property. During this period, and if appropriate based on the results of the business submittal evaluation, the working group should also develop proposed negotiation parameters (and a related schedule for conducting any negotiations) for Secretarial review and approval to support any subsequent negotiations with ANMS. Your working group also should coordinate with the Office of Nuclear Energy, Science and Technology in its preparation of a "Supplement Analysis," which will be used to determine whether to supplement the existing Nuclear Infrastructure Programmatic Environmental Impact Statement. Based on this evaluation, the Secretary will then decide whether to pursue disposition of the FFTF for commercial use or move ahead with facility deactivation.

Members of this working group should include Mr. Michael Holland, Manager of the Brookhaven Area Office and team leader for the FFTF review that has been conducted to date, and representatives from the Offices of General Counsel; Procurement; the Chief Financial Officer; Real Property; Nuclear Energy, Science and Technology; and Science.

I would appreciate regular status reports as the working group proceeds with its evaluation of the ANMS business approach, and final working group conclusions no later than September 30, 2001.

Thank you in advance for your support and assistance with this effort.

cc: Lee Otis, GC-1
Bruce Carnes, MA-1
James Decker, SC-1
William Magwood, NE-1
Steven Cary, EH-1
Michael Holland, Manager, Brookhaven Area Office