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

00-SFO-137

AUG 14 2000

Mr. Douglas R. Sherwood
Hanford Project Manager
U.S. Environmental Protection Agency
712 Swift Blvd., Suite Five
Richland, Washington 99352

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EDMC

Dear Mr. Sherwood:

STATUS OF HANFORD FEDERAL FACILITY AGREEMENT AND CONSENT ORDER
(TRI-PARTY AGREEMENT) MILESTONE M-34-16, "INITIATE REMOVAL OF K-WEST
(KW) BASIN SPENT NUCLEAR FUEL (SNF)"

This letter is to inform you of the latest status of the subject milestone which is scheduled for completion by November 30, 2000. During the Tri-Party Agreement quarterly milestone review meeting on July 25, 2000, we indicated the status for Milestone M-34-16 was "on schedule," but noted it was at high risk due to problems encountered during operational testing of the Integrated Water Treatment System (IWTS) at the KW Basin. Much progress has been made since the July 25, 2000, meeting, but there still remains a risk of not initiating SNF removal by November 30, 2000, due to delays in starting the contractor and U.S. Department of Energy, Richland Operations Office (RL), Operational Readiness Reviews (ORR). The delays were not the result of the testing but are primarily the result of deficiencies in the design, fabrication and installation of the IWTS that were identified during the test program. The recent range fire also contributed to the delay.

The SNF Project and RL have been working diligently to resolve the remaining technical issues so the respective ORRs can begin and Fluor Hanford, Inc. (FHI) can demonstrate readiness to proceed with fuel removal. In addition, the SNF Project is taking a number of steps to recover schedule. Most recently, FHI placed David B. Van Leuven, Executive Vice President and Chief Operating Officer, in a position of direct oversight of the SNF Project and has made several other management changes aimed at successful, timely completion of M-34-16. FHI has also placed additional resources and funds in certain areas critical to successful completion of the milestone.

We are not submitting a Tri-Party Agreement change request form with this letter, as both RL and FHI continue to work toward timely completion of M-34-16. We understand that some people may interpret the milestone status of "on schedule, with high risk" as an acknowledgement that the milestone cannot be met. The senior managers for all parties understand that timely completion of M-34-16 presents a significant challenge, but it is still achievable. If the best efforts of all parties should be unsuccessful and the status of M-34-16 changes, we will notify you immediately, and we will consider the need for an additional submittal at that time.

Mr. Douglas R. Sherwood
00-SFO-137

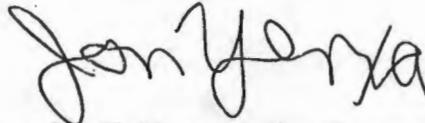
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We appreciate the strong, cooperative working relationship we have with your office and we intend to foster that relationship through timely and accurate communications on the status of M-34-16. We will be discussing this issue at the Thursday morning meetings with the SNF Project management, and both you and Larry Gadbois are welcome to attend to gain a better understanding of the issues and to provide your perspectives.

If you have any questions or wish to discuss this further, please contact P. G. Loscoe, Office of Spent Nuclear Fuels, on (509) 376-7465.

Sincerely,



Jon K. Yerxa, Acting Program Manager
Office of Regulatory Liaison

SFO

cc: W. Burke, CTUIR
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