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STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
3100 Port of Benton Blvd • Richland, WA 99352 • (509) 372-7950

January 31, 2007

Mr. Keith A. Klein, Manager
Richland Operations Office
United States Department of Energy
P.O. Box 550, MSIN: A7-50
Richland, Washington 99352

RECEIVED
FEB 23 2007
EDMC

Re: Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)
Grant and Mixed Waste Management Fee (MWF) Seven-Year Forecast

Dear Mr. Klein:

In accordance with the Hanford Federal Facility Agreement and Consent Order (HFFACO), the Department of Ecology has prepared the seven-year forecasts of planned funding requirements for the CERCLA Grant and the MWF. As requested by your staff, I am sending these forecasts to your office.

The forecasts include the period beginning July 1, 2006. The annual forecasts for the CERCLA Grant and MWF are based on the duration in which the funds are budgeted and received from the United States Department of Energy (USDOE), and coincide with the Federal and State fiscal years respectively.

Ecology is committed to meeting its regulatory responsibilities in the most cost-effective manner possible. Enclosed with this letter are detailed cost tables for the CERCLA Grant and MWF seven-year forecasts.

Since Ecology's January 31, 2005, forecast, we provided the costs for litigation and implementation of the Cleanup Priority Act (CPA) to USDOE. Those costs represented a potential increase in the MWF billing pending the outcome of the then recently begun litigation. In light of the federal court ruling in the case, Ecology is not projecting detailed CPA costs in this year's seven-year forecast. Ecology's appropriation authority for CPA implementation during the next biennium is \$2.3 million per year. Billing of some or all of this amount may occur, pending the outcome of the States appeal in the CPA case.



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The following tables show the forecast of funding requirements at a summary level:

CERCLA Grant:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
10/1/2006 to 10/1/2007	10/1/2007 to 10/1/2008	10/1/2008 to 10/1/2009	10/1/2009 to 10/1/2010	10/1/2010 to 10/1/2011	10/1/2011 to 10/1/2012	10/1/2012 to 10/1/2013
\$ 2,619,032	\$ 2,703,934	\$ 2,815,011	\$ 2,899,366	\$ 2,982,452	\$ 3,068,030	\$ 3,156,176

Mixed Waste Management Fee – Existing Program:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
7/1/06 to 6/30/2007	7/1/07 to 6/30/2008	7/1/08 to 6/30/2009	7/1/09 to 6/30/2010	7/1/10 to 6/30/2011	7/1/11 to 6/30/2012	7/1/12 to 6/30/2013
\$ 5,209,944	\$ 5,490,660	\$ 5,586,906	\$ 5,737,942	\$ 5,901,310	\$ 6,069,579	\$ 6,242,895

Ecology is confident that both the CERCLA and MWF forecasts reflect costs necessary to meet our goals and obligations. Please call me at 509-372-7905 or Steve Moore at 360-407-7212 if you have any questions regarding these forecasts.

Sincerely,



Jane A. Hedges
Program Manager
Nuclear Waste Program

sm/lkd
Enclosures (2)

cc: Cliff Clark, USDOE
Jennifer Christenson, USDOE
Emily Irwin, USDOE
Greg Jones, USDOE
Jean Schwier, USDOE
Administrative Record

Stuart Harris, CTUIR
Gabriel Bohnee, NPT
Russell Jim, YN
Susan Leckband, HAB
Ken Niles, ODOE

CERCLA GRANT 7-Year Forecast							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Objects:	10/1/2006 to 10/1/2007	10/1/2007 to 10/1/2008	10/1/2008 to 10/1/2009	10/1/2009 to 10/1/2010	10/1/2010 to 10/1/2011	10/1/2011 to 10/1/2012	10/1/2012 to 10/1/2013
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Salaries	\$ 1,049,906	\$ 1,083,503	\$ 1,134,974	\$ 1,169,023	\$ 1,204,093	\$ 1,240,216	\$ 1,277,423
Benefits	\$ 283,475	\$ 303,381	\$ 317,793	\$ 327,326	\$ 337,146	\$ 347,261	\$ 357,678
Travel	\$ 86,225	\$ 88,812	\$ 91,476	\$ 94,220	\$ 97,047	\$ 99,958	\$ 102,957
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies (Goods and Services)	\$ 122,416	\$ 126,088	\$ 129,871	\$ 133,767	\$ 137,780	\$ 141,914	\$ 146,171
Contracts (Including Inter-Agency Agreements)	\$ 422,443	\$ 435,116	\$ 448,170	\$ 461,615	\$ 475,463	\$ 489,727	\$ 504,419
Other: (Facility Lease)	\$ 126,149	\$ 126,149	\$ 126,149	\$ 129,838	\$ 129,838	\$ 129,838	\$ 129,838
Indirect	\$ 528,419	\$ 540,885	\$ 566,579	\$ 583,576	\$ 601,083	\$ 619,116	\$ 637,689
Total CERCLA	\$ 2,619,032	\$ 2,703,934	\$ 2,815,011	\$ 2,899,366	\$ 2,982,452	\$ 3,068,030	\$ 3,156,176
FORECAST ASSUMPTIONS:							
Year 1 based on existing grant application (\$2,619,032) with the following assumptions for years 2-7:							
Salaries: Year 2 assumes 3.2% COLA							
Salaries: Year 3 assumes 1.6% COLA							
Salaries: Year 4-7 assume 3% COLA							
Benefits calculated at 28% of salaries years 2 - 7.							
Travel calculated at \$1,250 per FTE + additional for Headquarters staff and Kennewick managers and 3% annual increase.							
Equipment: No major equipment purchases are anticipated							
Supplies (Goods & Services): assume 3% increase in years 2 - 7.							
Contracts: Dept of Health, Fish & Wildlife, Hanford Communities, GA, and laboratory support.							
Other - Facility: Year 2 - 3 reflect new lease rate. Year 4 - 7 reflect 2nd term new lease rate.							
Indirect calculated at 39% of salaries and benefits. (The actual rate adjusts yearly based on approved federal indirect rate.)							

MIXED WASTE MANAGEMENT FEE 7-Year Forecast							
USDOE Portion	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Objects	7/1/06 to 6/30/2007	7/1/07 to 6/30/2008	7/1/08 to 6/30/2009	7/1/09 to 6/30/2010	7/1/10 to 6/30/2011	7/1/11 to 6/30/2012	7/1/12 to 6/30/2013
Salaries	\$ 2,502,285	\$ 2,582,358	\$ 2,623,676	\$ 2,702,386	\$ 2,783,457	\$ 2,866,961	\$ 2,952,970
Benefits	\$ 677,963	\$ 723,060	\$ 734,629	\$ 756,668	\$ 779,368	\$ 802,749	\$ 826,832
Travel	\$ 132,543	\$ 115,800	\$ 119,274	\$ 122,852	\$ 126,538	\$ 130,334	\$ 134,244
Equipment	\$ -	\$ 24,125	\$ 24,849	\$ 25,594	\$ 26,362	\$ 27,153	\$ 27,967
Goods & Services	\$ 349,180	\$ 347,400	\$ 347,400	\$ 357,822	\$ 368,557	\$ 379,613	\$ 391,002
Contracts	\$ 265,389	\$ 385,375	\$ 385,375	\$ 389,136	\$ 400,810	\$ 412,835	\$ 425,220
Other (Facility Lease)	\$ 284,045	\$ 284,045	\$ 292,352	\$ 292,352	\$ 292,352	\$ 292,352	\$ 292,352
Overhead/Cost Allocation	\$ 998,537	\$ 1,028,497	\$ 1,059,352	\$ 1,091,132	\$ 1,123,866	\$ 1,157,582	\$ 1,192,310
Total MWF USDOE Portion	\$ 5,209,944	\$ 5,490,660	\$ 5,586,906	\$ 5,737,942	\$ 5,901,310	\$ 6,069,579	\$ 6,242,895
FORECAST ASSUMPTIONS:							
USDOE share of MWF program hours in year 1 is 96.5% and is assumed in all years.							
Year 1 based on FY07 MWF billings							
Year 2 based on MWF budget for first year of the state biennium 07-09							
Salaries: Year 2 assume 3.2% COLA in Governors budget request							
Salaries: Year 3 assumes 1.6% COLA							
Benefits: Calculated at 28% of salaries.							
Travel: Calculated at \$1250 per FTE + additional for Headquarters staff and Richland managers and 3% annual increase.							
Equipment: Equipment purchases are assumed							
Other - Facility: Year 2 - 3 reflect new lease rate. Year 4 -7 reflect 2nd term new lease rate.							
Contracts: Year 1 includes Hanford Communities, Risk Assessment, Dept of Fish & Wildlife, AGO, TC/WM EIS, and current lab work.							
Contracts: Years 2 &3 assume additional AGO (Hanford Strategy) & TC/WM EIS with others continuing							
Contracts: Year 4 assumes reduction of contracts Hanford Strategy and TC/WM EIS.							
Indirect = Program A and Cost allocation Year 1 based on current biennium budget, year 2-7 @ 3% annual increase.							