

**Department of Energy**

Washington, DC 20585

November 1, 2002



The Honorable John T. Conway
Chairman
Defense Nuclear Facilities Safety Board
625 Indiana Avenue, NW
Washington, D.C. 20004-2901

Dear Mr. Chairman:

This letter provides an update of my July 26, 2002, letter concerning performance incentives at the Savannah River Site. Environmental Management has worked to align Performance Based Incentives (PBIs) with risk reduction. The PBIs developed for the High Level Waste Program is attached. These PBIs support the risk reduction mission by providing fee incentives to perform the following:

- Produce up to 1550 sludge waste canisters by 2006
- Return Tanks 49 and 50 to service (complete)
- Provide up to 1.5 million gallons of Type III Working Space by 2006
- Disposition up to 4.5 million gallons of low curie salt cake into saltstone or other permanent disposition by 2006
- Provide an initial capacity for processing low curie with high actinides salts at the 512 S Facility
- Complete modifications to Tank 11, remove waste and complete extended sludge processing to prepare sludge batch 4 for disposition
- Close tanks 19 and 18

The PBIs award a higher incremental fee for increased performance. This is most notable with the PBI related to sludge waste canister production and salt processing. In the area of tank closures we are finalizing an additional PBI for closing tanks 1-8. However, more work is needed to further accelerate the cleanup mission at SRS. Therefore, I have directed the following:

1. Issue the existing PBIs for FY03 only
2. Conduct a performance review under clause H.47 of the contract commencing in November 2002
3. Revalidate, and if required, reissue multi-year PBIs by March 2003
4. Conduct follow-up reviews to ensure the PBIs are aligned with risk reduction

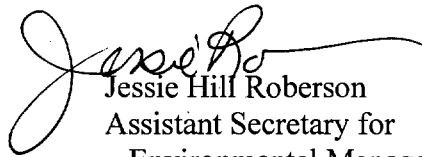


While the HLW PBIs remain weighted toward canister production, PBIs will be reconfirmed or modified by March 2003 to place more weight on dispositioning High Level Waste, processing salt and closing old style tanks. The increased premium on these parameters will not be at the expense of incentives to reduce sludge in the tanks.

Lastly, we will continue the reviews of SRS to ensure that the findings identified this summer are resolved, and that WSRC continues to make progress toward reducing the risk of High Level Waste by processing the sludge into glass, processing the salt to saltstone and closing tanks.

If you have any further questions, please contact me at (202) 586-7709 or Mr. Paul Golan, Chief Operating Officer, at (202) 586-0738.

Sincerely,


Jessie Hill Roberson
Assistant Secretary for
Environmental Management

Enclosure