



Sustainable Fuel Cycle TASK FORCE

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Sustainable Fuel Cycle Task Force Memorandum

June 30, 2009

Subject: Yucca Budget Shortfall

As proposed, the administration's FY2010 budget request for the Civilian Radioactive Waste Management (OCRWM) program and the Yucca Mountain project is not sufficient to support NRC licensing due to disproportional expenditures for overhead expenses and fixed obligations. The proposed budget does not adequately account for certain program and project overhead expenses and fixed obligations that will deplete available funding for critical license support activities. As shown in the analysis below, one-half and as much as three-quarters of the proposed FY2010 Yucca budget is committed to overhead expenses and fixed obligations.

The administration proposed a total of \$196.8 million in FY2010 which is broken out in the following functions:

Repository Project	\$116.1
Program Management and Integration	\$ 10.7
Program Direction	\$ 70.0
Program Total	\$196.8

Unfortunately, the above functional budget profile masks the actual spending profile by activity and/or obligation. The Department will be required to pay for fixed obligations and program and project overhead expenses, such as federal salaries, leases, balance of severance payments for employees separated in 2009 which actually are paid in FY2010, state and local assistance, department direct-funded maintenance and repair expenses, safeguards and security, and project support and controls, including quality assurance.

An analysis of these expenses has been performed based on prior-year DOE congressional budget submissions and historical OCRWM spending plans in order to develop a first-order approximation of what funding is actually available for licensing activities.

While actual expenses may differ somewhat from those assumed in the analysis, it does not alter the fundamental conclusion that the program's fixed overhead and obligations disproportionately consume the funding request and therefore severely limit funding available for actual license support activities, which include pre-closure and post-closure safety evaluations by subject matter experts, license coordination, NRC interactions, license defense and legal support services, maintaining and updating the LA and supporting documents and supporting the LA hearing process as well as maintaining a NRC required license applicant design/document control infrastructure.

These licensing support expenses should be funded through the repository project accounts, but as shown below, this account is likely to be the source of funds for all other program and project-related expenses, leaving little funding available for any actual licensing support work. The result of this budget squeeze will no doubt manifest itself in a growing backlog of RAI responses, inadequate and/or incomplete RAI responses leading to secondary RAI requests and responses, lack of coordination and project configuration control, etc.

If the proposed Yucca Mountain project FY2010 budget is recast in terms of program and project fixed overhead and obligation expenses or what can be called the project platform or project infrastructure costs, the budget profile would appear as follows:

Program Direction	\$ 70.0
Project Integration	\$ 10.7
Project Support and Controls	\$ 10.0
State and Local Assistance	\$ 28.0
Severance Benefits	\$ 7.0
Leases	\$ 6.0
Blue Ribbon Commission	\$ 5.0
Other Miscel.	\$ 4.0
Total Overhead	\$145.7 million

While the actual budget expenses may differ slightly, the above budget profile is based on historical DOE spending plans and is intended to be representative and illustrative of the fact that the preponderance, almost three-quarters or 75 percent, of the proposed Yucca FY2010 budget will not be available for license support activities.

With an overall proposed budget of \$196.7 million, the remaining \$51 million or approximately \$50 million would be inadequate for required licensing support activities as indicated below:

Post-closure-Lead Lab	\$ 60.0
Pre-closure-M&O	\$ 80.0
License Defense-Legal	\$ 20.0
License Support Network	\$ 10.0
Total License Support	\$170.0 million

Based on the above analysis, the best available estimate for a high-quality, NRC- compliant Yucca “License-Only” budget is approximately \$320-\$340 million which is consistent with the Nuclear Energy Institute’s recommended funding level of \$340 million.

It is clear from the analysis that approximately one-half or up to three-quarters of the proposed \$196.7 million of the Yucca Mountain Project is needed for non-license support activities, and therefore the proposed Yucca budget does not provide sufficient funding for license support activities. Failure to adequately fund license support activities will render DOE unable to successfully conclude the license application process as required by law.

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