



Department of Energy

Washington, DC 20585

September 13, 2012

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter is to notify you of the Department of Energy's intent to use reprogramming authority as provided by the Consolidated Appropriations Act, 2012 (Public Law 112-74) and section 4702 of the Atomic Energy Defense Act (50 U.S.C. § 2742).

The National Nuclear Security Administration (NNSA) has determined that a reprogramming is necessary to address changes in NNSA's plutonium strategy resulting from the deferral of the construction of the Chemistry and Metallurgy Research Replacement Project-Nuclear Facility. The reprogramming will allow NNSA to initiate activities at the Los Alamos National Laboratory to provide capabilities required to support the stockpile. The Administration will continue to evaluate options for the modernization of our infrastructure, including further analysis of the length of time we should defer construction of the CMRR-NF. These will be taken under consideration in building the Fiscal Year 2014 and outyear program.

The enclosure provides a narrative justification in support of the funding requirements, and a table that details the funding requirements and the sources for the reprogramming. Please note that that proposed sources include FY 2012 balances the House has proposed for rescission in its Fiscal Year 2013 Energy and Water Appropriations Act.

Should you have any questions or need additional information concerning this matter, please have your staff contact Ms. Kathy Peery in the Office of Congressional and Intergovernmental Affairs at (202) 586-2794 or Mr. Christopher Hanson of the External Coordination Staff in the Office of the Chief Financial Officer at (202) 586-3944.

Sincerely,

 for
Joanne Choi
Acting Deputy Chief Financial Officer

Enclosure

cc: The Honorable John S. McCain
Ranking Member



BACKGROUND:

A reprogramming of \$120,000,000 from the Chemistry and Metallurgy Research Replacement (CMRR) Project, 04-D-125, to the Readiness in Technical Base and Facilities (RTBF) Operation of Facilities Program at Los Alamos National Laboratory (LANL) is necessary to address changes in the National Nuclear Security Administration's (NNSA) plutonium strategy at LANL resulting from the deferral of the construction of the CMRR Nuclear Facility (CMRR-NF).

REQUIREMENT:

**Readiness in Technical Base and Facilities
Operation of Facilities
LANL**

+120,000,000

The LANL serves as the NNSA's Plutonium Center of Excellence. In light of the decision to defer construction of the CMRR-NF as reflected in the fiscal year (FY) 2013 President's Budget Request, NNSA requested that LANL develop a plan to provide for the continuity of plutonium support capabilities using existing infrastructure.

The reprogrammed funds of \$120,000,000^a will be used to:

- Provide for accelerated readiness and operational start-up activities for the Radiological Laboratory Utility Office Building (RLUOB), which completed equipment installation almost one year ahead of schedule [Approx. \$20M to \$25M]
- Procure additional Analytical Chemistry (AC) equipment for RLUOB to increase utilization of laboratory space (any potential additional equipment identified as a Major Item of Equipment (MIE) will adhere to the appropriate notification requirements before procurement begins) [Approx. \$20M to \$30M]
- Accelerate the relocation of AC sample management/preparatory capabilities from the existing Chemistry and Metallurgy Research (CMR) building to Plutonium Facility (PF)-4 [Approx. \$20M to \$25M]. Relocate Material Characterization (MC) equipment from CMR to PF-4 consistent with ongoing execution of plans to exit CMR [Approx. \$20M to \$30M] Design a cost-effective material transfer system between RLUOB and PF-4 [Approx. \$15M to \$25M]. The Department will ensure that all activities are executed in accordance with relevant statutes and DOE Orders, and will keep the Congress fully informed as they are executed.

The foregoing scope identified by LANL staff was agreed to by NNSA leadership as near term measures required to ensure continuity of plutonium support capabilities using existing infrastructure. It should be noted that these activities will maintain near-term continuity of capabilities for plutonium support functions and represent the first phase of

^a The \$120M represents the current estimated total cost for the activities based on their approximate cost ranges

work that will complement future potential equipment procurements that may be needed to increase pit production capacity in PF-4. The reprogramming allows for initial investments in the infrastructure at LANL that will enable all future production scenarios while minimizing impacts to ongoing operations.

SOURCE:

Readiness in Technical Base and Facilities

Construction Project

04-D-125, CMRR Project -120,000,000

As reflected in the FY 2013 President's Budget Request, construction of the CMRR-NF is deferred and no funding was requested for the project in FY 2013. The CMRR-NF would have provided AC, MC and plutonium storage capabilities. The \$120,000,000 in project funds identified for this reprogramming represents the amount remaining after completion of the RLUOB Equipment Installation and close out of CMRR-NF design based on available FY2012 Appropriated Funds and prior-year carryover.

**U. S. Department of Energy
Weapons Activities
FY 2012 Reprogramming
(in Whole Dollars)**

Total Obligational Authority^a	Previous Change Amts within Threshold^b	Changes This Action	Revised Obligational Authority
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**Readiness in Technical
Base and Facilities**

Operation of Facilities

LANL	317,592,238	0	+120,000,000	437,592,238
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Construction Project

04-D-125, Chemistry and Metallurgy Research Replacement (CMRR) Project	200,000,000	0	-120,000,000 ^c	80,000,000 ^d
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^a Reflects the FY 2012 Appropriation as reflected in the "Conference" column of the "Department of Energy" table included under the heading "Title III—Department of Energy" in the joint explanatory statement accompanying the Consolidated Appropriations Act, 2012 (Public Law 112-74), adjusted by a reduction of \$933,762 for the rescission of contractor pay freeze savings.

^b Reflects the year-to-date changes to the FY 2012 Appropriation within the threshold cited in Division B, Title III, Sec. 301(d) of the Consolidated Appropriations Act, 2012 (Public Law 112-74).

^c The FY13 House Energy and Water Development bill also rescinds \$65M of these funds to offset the TA-55 Reinvestment Project, Phase II and PF-4 vault activities.

^d Remaining project funds are committed to finish equipping the RLUOB and complete approved design activities in 2012.