



**Department of Energy**  
Idaho Operations Office  
850 Energy Drive  
Idaho Falls, Idaho 83401-1563

July 30, 2002.

Mr. Steve Allred, Director  
Idaho Department of Environmental Quality  
1410 North Hilton  
Boise, Idaho 83706-1255

Mr. L. John Iani, Administrator  
U.S. EPA, Region 10  
Regional Administrator's Office, RA-140  
1200 Sixth Avenue  
Seattle, WA 98101

**SUBJECT: Start of Construction for the Glovebox Excavator Method (GEM) Project (EM-ER-02-125)**

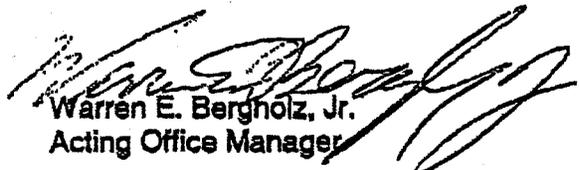
Dear Mr. Allred and Mr. Iani:

On July 30, 2002, the GEM project began "substantial continuous onsite physical construction" as defined in paragraph 3.1.4 of the Dispute Settlement Agreement. As discussed during the meeting in Boise on July 24, this milestone was met when we began assembling the shoring box at Pit 9.

Paragraphs 3.4.1 and 3.4.2 of the Dispute Settlement Agreement require the Department to place \$5 million into a reserve account by October 31, 2002. Paragraph 3.4.3 requires the funds to be held until "...such time as DEQ and EPA authorize the release of the funds..." Because the Department met the first milestone, which has \$1 million of reserve account funds attached to it, I propose depositing \$4 million into the account by October 31, 2002. This will allow us to assign more money towards Pit 9 related work at the beginning of the fiscal year and will avoid depositing \$5 million only to immediately withdraw \$1 million.

If you have any questions, please contact me at 208-526-2497, or the Project Manager, Jeff Snook, at 208-526-5920.

Sincerely,

  
Warren E. Bergholz, Jr.  
Acting Office Manager

cc: Dean Nygard, Idaho DEQ  
Wayne Pierre, U.S. EPA Region 10