

CHAPTER 20

URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND

1. **PURPOSE.** To establish policies and procedures for the financial management, accounting, budget preparation, and cash management of the Uranium Enrichment Decontamination and Decommissioning Fund, referred to hereafter as “the Fund.”
2. **APPLICABILITY.** This chapter applies to all Departmental elements and activities that are directly or indirectly involved with the Fund.
3. **REQUIREMENTS AND SOURCES OF THE FUND.**
 - a. The Energy Policy Act of 1992 (EPACT) requires DOE to establish and administer the Fund. EPACT authorizes that the Fund be available to the Secretary subject to appropriations for decontamination and decommissioning (D&D) and remedial action (RA) activities at the uranium enrichment facilities (UEFs), and for partial reimbursement of uranium and thorium licensees for costs of D&D, RA, and reclamation activities at uranium and thorium processing sites that the Secretary determines are attributable to byproduct material generated as an incident of sales to the United States. After adjusting for inflation, \$310 million of the Fund will be available for reimbursement as follows: to uranium licensees, \$270 million (adjusted for inflation), and to thorium licensees, \$40 million (adjusted for inflation). All such activities are to be funded from the Fund. EPACT authorizes deposits to the Fund of up to \$480 million per fiscal year, adjusted for inflation.
 - b. Pursuant to EPACT, the Secretary is authorized to expend resources from the Fund for D&D activities until the Secretary certifies and Congress concurs, by law, that such activities are complete. For RA activities, the Secretary is authorized to expend Fund resources to the extent the amount in the Fund is sufficient. To the extent the Fund is insufficient, the Department shall be responsible for the cost of remedial action.
 - c. The Secretary is required to state in the fifth triennial report to Congress (15 years after October 24, 1992, the date of enactment) recommendations for the reauthorization of the program and Fund as established under title XI of EPACT.
 - d. **Source of Funds.**
 - (1) Annual contributions to the Fund will be derived from two sources: a special assessment of domestic utilities and Congressional appropriations each fiscal year.
 - (a) **Special Assessment.** Domestic utilities shall pay a special assessment that will be annually indexed for inflation using the Consumer Price Index for all urban consumers (CPI-U). Total assessments from all utilities shall not exceed \$150 million per fiscal year. EPACT stipulates that the special assessment shall cease after the earlier of:
 1. 15 years of the date of its enactment, or

2. the collection of \$2.25 billion, adjusted for inflation.

(b) Congressional Appropriations. EPACT authorizes Congressional appropriations, for a period of 15 years after October 24, 1992 (the date of enactment), to ensure that up to \$480 million per fiscal year (adjusted according to the CPI-U) is deposited into the Fund.

(2) The Secretary of Energy (with fiduciary responsibility delegated to the Chief Financial Officer (CFO)) shall request the Secretary of the Treasury to invest amounts contained in the Fund in obligations of the United States. Interest earned on these investments will be returned to the Fund for future use.

4. DEFINITIONS.

a. Uranium Enrichment Facilities Definitions.

(1) Decontamination and Decommissioning. Activities, other than response actions or corrective actions, undertaken to decontaminate and decommission the Department's inactive UEFs that have residual radioactive or mixed radioactive and hazardous chemical contamination, including depleted tailings.

(2) Uranium Enrichment. The separation of uranium of a given isotopic content into two components, one with a higher percentage of a fissile isotope and one with a lower percentage.

(3) Domestic Utility. Any utility in the United States that has purchased separative work units from DOE for purposes of commercial electricity generation, during the period beginning in 1945 to October 23, 1992.

(4) Special Assessment. The special assessment levied on domestic utilities for payment into the Fund.

b. Uranium or Thorium Processing Site Definitions.

(1) Active Uranium or Thorium Processing Site.

(a) Any uranium or thorium processing site, including the mill, containing byproduct material for which a license for the production at that site that:

1. was in effect on January 1, 1978;
2. was issued or renewed after January 1, 1978; and
3. for which an application for renewal or issuance was pending on or after January 1, 1978.

(b) Any other real property or improvement on such real property determined by the Secretary or by a State as permitted under section 274 of the Atomic Energy Act of 1954 to be in the vicinity of such a site and contaminated with residual byproduct material.

- (2) **Byproduct Material, per the Atomic Energy Act.** The tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content.
- (3) **Decontamination, Decommissioning, Reclamation, and Other Remedial Actions at Uranium and Thorium Processing Sites.** Work performed before or after the enactment of EPACT that is necessary to comply with all applicable requirements of the Uranium Mill Tailings Radiation Control Act of 1978 (42 U.S.C. 7901 et seq.), or where appropriate, with requirements established by a State that is a party to a discontinuance agreement under section 274 of the Atomic Energy Act.

5. RESPONSIBILITIES.

a. Assistant Secretary for Environmental Management (EM) shall:

- (1) Develop the financial objectives and requirements of related Fund activities, including preparation of the Cash Flow Analysis Report, and submit requirements to the CFO.
- (2) Provide to the CFO estimates of current fiscal year and outyears, as required, for obligations, costs, special assessments, and income and disbursements.
- (3) Establish the Budget and Reporting Classification (B&R) Code structure for costs and collections for D&D and RA activities in coordination with the CFO.
- (4) Direct and monitor the financial activity of the Fund in coordination with the CFO.
- (5) Develop the policy and the process for billing and collecting the special assessment from domestic utilities in coordination with the CFO.
- (6) Develop investment requirements and an appropriate cashflow analysis in coordination with the CFO.
- (7) Coordinate the development of required input into the Secretary's triennial report to Congress on the status of D&D activities, RA activities at the UEFs, and reimbursement of uranium and thorium licensees in accordance with EPACT.
- (8) Direct and monitor the status of Headquarters and field approved funding programs and allotments.
- (9) Direct, prepare, defend, and consolidate Headquarters and Oak Ridge Operations Office formulated budgets for the Fund, including staffing and program requirements, and submit them to the CFO.
- (10) Prepare and issue regulations governing reimbursement of individual uranium and thorium processing site licensees.
- (11) Process all requests for reimbursement from uranium and thorium processing site licensees in coordination with the CFO.

- (12) Prepare and issue regulations governing the collection of the special assessment of domestic utilities.
- (13) Oversee the annual invoicing of the special assessment and coordinate with the Oak Ridge Operations Office on collection of unpaid invoices.
- (14) Oversee the reconciliation of adjustments to special assessment invoices.
- (15) Submit a triennial report to Congress that addresses the adequacy of the Fund to meet EPACT requirements over the lifetime of the Fund.

b. The Office of Chief Financial Officer shall:

- (1) Develop and maintain financial policy for Fund activities in coordination with EM.
- (2) Perform all accounting and related Fund activities and process appropriate transactions into the Management Analysis Reporting System (MARS).
- (3) Coordinate and analyze budget data for D&D and RA activities.
- (4) Coordinate fiscal policy matters with EM and the Department of the Treasury (Treasury).
- (5) Concur on EM B&R Code structure for costs and revenues for D&D activities.
- (6) Provide input to Treasury for the annual report to Congress regarding the financial condition and operations of the Fund during the previous fiscal year.
- (7) Serve as a focal point for all official accounting operational matters regarding Fund activities, maintain official accounting records, and maintain liaison with Treasury and the General Accounting Office, in coordination with EM, on operational accounting matters.
- (8) Provide monthly accounting reports to EM on the status of Fund investments.
- (9) Review regulations prepared by EM governing reimbursement of individual uranium and thorium processing site licensees and implementation of the special assessment of domestic utilities.
- (10) Review investment requirements for compliance with Departmental policy and Treasury regulations, initiate investment transactions with Treasury, and maintain appropriate documentation of the investment transactions.
- (11) Submit all documentation received from individual uranium and thorium processing site licensees for reimbursement of D&D, RA, and reclamation costs to EM for approval.
- (12) Monitor and incorporate disbursement notifications from finance offices in the daily investment activities.

- (13) Provide monthly disbursement targets to Departmental elements responsible for disbursing D&D funds.

c. Oak Ridge Operations Office shall:

- (1) Perform all financial activities related to its involvement with D&D, RA, and reclamation activities at DOE UEFs and uranium and thorium processing sites and submit appropriate transactions into MARS.
- (2) Report all Fund activities relating to special assessment collections and disbursement amounts to the CFO.
- (3) Provide financial and accounting reports to EM as necessary.
- (4) Request necessary changes in the approved funding programs and allotments from EM.
- (5) Provide the Program Operating Plan detailing projections of obligations, costs, and disbursements to EM no later than 15 calendar days after the end of each month.
- (6) Prepare and submit field project budgets to EM in accordance with the CFO's Annual Budget Call.
- (7) Develop estimates, as required, for the Obligation Plan, the Cost Plan, the Disbursement Forecast, and the Fee/Income Forecast and submit them to EM.
- (8) Monitor the financial activity of the Fund in coordination with EM.
- (9) Develop required input to the Secretary's triennial report to Congress on the status of D&D and RA activities in accordance with EPACT, and transmit it to the Office of Eastern Area Programs for review.
- (10) Perform the billing and collection of the special assessment from domestic utilities.
- (11) Reconcile individual utility adjustments to special assessment invoices.
- (12) Compile information, upon request from EM, to assist in their determination of the adequacy of the Fund to meet EPACT requirements over the lifetime of the Fund.
- (13) Provide EM with the necessary data to determine the appropriate portion of the special assessment for each domestic utility.
- (14) At the direction of EM, make disbursements to uranium/thorium producers.

d. Inspector General shall coordinate with EM and the CFO on developing requirements and administer independent audits of D&D and RA Fund activities.

- 6. BUDGET FORMULATION.** The instructions for budget formulation are found in the DOE guidance on budget formulation.

7. BUDGET EXECUTION. The Fund is subject to DOE administrative control of funds systems and Office of Management and Budget (OMB) procedures for budget execution as outlined in OMB Circular A-34. The Office of the Chief Financial Officer will issue allotments and approved funding programs to the Departmental elements involved. This process is described in the DOE Budget Directives. Allotments issued for the Fund provide obligational authority only.

8. ACCOUNTING.

a. Administrative Control of Funds. Allottees of the Fund are responsible for controlling funds allocated to them, including the certification of fund availability for each transaction before obligation, in accordance with Chapter 2, "Administrative Control of Funds." Because of the nature of the Fund, disbursement targets will be issued separately by the CFO based on input from and coordination with EM. Accordingly, the CFO and the allottees shall ensure that Fund disbursements and obligations do not exceed available disbursement targets and obligational authority.

b. Collections of the Special Assessment.

(1) The amount collected from each utility will be based on the ratio of the total amount of separate work units (SWUs) a utility has purchased from the Department for commercial electricity generation before enactment of EPACT to the total amount of SWUs purchased from the Department for all purposes (including units purchased or produced for defense purposes) before enactment. EPACT states:

(a) A utility shall be considered to have purchased a SWU from the Department if it was produced by the Department but purchased by the utility from another source.

(b) A utility shall not be considered to have purchased a SWU from the Department if it was purchased by the utility but sold to another source.

(2) EM will establish the policy for calculating the special assessment from domestic utilities. The Oak Ridge Operations Office will maintain the necessary data to determine the appropriate portion of the special assessment each domestic utility will be required to pay. The Enrichment Facilities Division will also maintain records of the reconciliation process and will coordinate all final reconciliations with EM. EM will develop the procedure and process for billing and collecting the special assessment from domestic utilities in coordination with the CFO and the Oak Ridge Operations Office.

c. Reimbursements.

(1) The amount of reimbursement paid to any licensee of an active uranium site shall not exceed an amount equal to \$5.50 per dry short-ton (adjusted for inflation) of byproduct material that was located on the date of EPACT's enactment at the site of the activities of such licensee and generated as an incident of sales to the United States. Aggregate payments made to uranium and thorium licensees shall not exceed \$310 million, adjusted for inflation.

- (2) The Secretary shall determine as of July 31, 2005, whether the amount authorized to be appropriated, when considered (included) with the \$5.50-per-dry-short-ton limit on reimbursement, exceeds the amount reimbursable to the licensees. If there is an excess, the Secretary may allow reimbursement in excess of \$5.50 per dry short-ton on a prorated basis of such sites where the reimbursable costs exceed \$5.50 per dry short-ton.

- d. **Authorizations, Obligations, Costs, and Disbursements**, as authorized by EPACT, will be performed in accordance with this handbook.

9. CASH MANAGEMENT.

- a. **General.** This section provides the cash management requirements and general procedures applicable to D&D and RA activities at UEFs. D&D, RA, and reclamation activities shall be in accordance with established cash management practices and requirements to first ensure efficient management of cash and also to maximize return on investments of any excess cash balance.
- b. **Documentation.** Cash management plans for EM activities shall be supported by the following documentation:
 - (1) **Cashflow Analysis.** Cashflow analysis provides a monthly summary of all projected cash activity of the Fund, and is adjusted monthly to reflect actual cash activity. The report will include the projected collections of the special assessment.
 - (2) **Investment Plan** provides a detailed status of Fund investments by amount, type, maturity (date and value), and yield to maturity.
 - (3) **Program Operating Plan** is a summary-level document prepared by EM that states the program objective and requirement by major element and the current fiscal year forecasted obligations, costs, fees, income, and disbursements. Field and Headquarters operating plans will be provided to EM by all program participants. This document is required for cash management purposes and should be updated and submitted 15 calendar days after the end of each month. The Program Operating Plan consists of the following:
 - (a) **Obligation Plan.** The obligation plan provides a yearly projection, by month, of the anticipated obligations. This plan is updated monthly to change forecasts if necessary and to reflect actual data received.
 - (b) **Cost Plan.** The cost plan provides a monthly projection of the anticipated accrued costs. This plan is updated monthly to change forecasts if necessary and to reflect the actual data received.
 - (c) **Disbursement Forecast.** The disbursement forecast provides an estimate of the projected disbursements required by each office to liquidate program obligations. The forecast is updated monthly as actual data are received and also to reflect revised program requirements. The forecast is expected to present a life-cycle baseline of Fund activities.

- (d) **Fee/Income Forecast.** The fee/income forecast provides projections by EM for annual assessments received from domestic utilities and projections of interest that will be earned by the Fund.

c. Process.

- (1) Cash management of the Fund is a comprehensive process beginning with the Program Operating Plan. Before the beginning of each fiscal year, each field office will provide the documentation listed in paragraphs 9b(3) (a), (b), and (c) above. EM will prepare the cash management plan based on input from program participants and submit it to the CFO. Contingent on congressional authority, contingencies, and/or mandates, the program requirements are translated into projected obligations, costs, and disbursements.
- (2) The next phase involves execution of the plan based on the projected obligations, costs, and disbursements and frequent reviews by program officials and the CFO of actual versus planned performance. Revisions to the projections are made monthly. The comparisons and subsequent revisions have direct bearing on the investment strategy and execution, which are integral parts of the cash management of the Fund.

d. Investments.

- (1) **Authorization.** EPACT authorizes the Secretary of Energy to invest amounts contained within the Fund in obligations of the United States. Invested amounts include appropriations deposited to the Fund. These obligations shall have maturities and interest rates determined by the Secretary of the Treasury to be appropriate for what the Department determines to be the needs of the Fund. Although EPACT provides that the Secretary of the Treasury will select investments, Treasury relies on DOE to make investment decisions, as it does with other agencies' special funds.
- (2) **Type.** The Fund can be invested in four types of U.S. Treasury securities: bonds, notes, bills, and 1-day certificates. In general, longer term securities, such as Treasury bonds and notes, provide a higher expected rate of return but are subject to variations in market value that increase with the time to maturity. Shorter term securities are subject to more volatility in expected rates of return but have market values that are more stable.
- (3) **Investment Policy.** The investment policy of the Fund is to provide cash when required to meet program expenditures while maximizing investment earnings.
- (4) **Strategy.** The investment strategy of the Fund is to provide funds when required to meet program disbursements while maximizing earnings to ensure that Fund objectives are met. To meet these objectives, investments will be made such that maturity dates approximate the need for funds. Immediate cash needs will be invested in Treasury 1-day certificates. Short-term cash needs will be invested in either Treasury bills or Treasury notes and bonds with near-term maturity dates. Treasury notes or bonds with longer term maturities will be used for long-term cash requirements. In the event that investments are impacted by changes to disbursement schedules, investments may be sold before their maturity date and

the proceeds reinvested in securities that more closely match disbursement needs.

- e. **Requirements.** The following requirements for D&D Fund activities are in addition to established cash management requirements:
 - (1) **Disbursement Reporting.** To facilitate the identification of excess cash balances available for investment in 1-day certificates with Treasury, each organization that certifies Fund payments shall report its daily disbursements to the CFO via telephone no later than 1:00 p.m., eastern time. A telefax confirmation of the disbursement amount should be issued within 24 hours of the phone call.
 - (2) **Reconciliation.** The telefaxed disbursement reports are to be reconciled monthly to the SF-224, "Statement of Transactions," and the accounting data reported in MARS.

10. REPORTING.

- a. **Financial Report.** Financial reporting of the Fund will be accomplished with the regular Financial Information System/Management Analysis Reporting System (FIS/MARS) reports. In addition to the normal Treasury and OMB requirements, the CFO will prepare annually a special fund report to Treasury for input into their annual report to Congress on the status of the Fund. The report shall show receipts, outlays, and equity of the Fund.
- b. **Program Report.** EM is responsible for preparing the following report for Congress: Within 3 years of the date of enactment of EPACT and at least once every 3 years thereafter, the Secretary shall report to Congress on the status of D&D activities in response to EPACT. The fifth triennial report shall include an assessment of progress made under section 1101 of EPACT and recommendations of the Secretary for the reauthorization of the program and Fund.