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Date: 4/19/01 12:00PM
Subject: Atlas: PWC Conference Call Yesterday - More

Bill, Brent, and Mike:

During my conference call yesterday with PWC and DOE-GJPO Jim Langley expressed concerns about cash flow, now that we have asked DOE Headquarters to withhold the Title X dispersement. Jim explained the following:

1. Certificate of Deposit - \$100,000 of the \$297,000 remaining in the Trust (as of 3/31/01) is in a CD that matures in Mid-May. The rest of the funds are in Money Market accounts.
2. Unexpected Expenditures - Jim explained that after FWS withdrew the Biological Opinion that the Trust experienced unexpected legal expenses in its efforts to get FWS to reverse their decision. Jim said these expenses are now payable out of the currently remaining trust funds.
3. Future Expenses - Jim said that the Trust has to plan on site maintenance thru October, 2001 at a rate of \$50,000 / month. If DOE were to take the site sooner, then more cash reserves could be used on the Transition Workplan. Although not said, Jim inferred that all of the \$297,000 in the Trust (as of 3/31/01) would be consumed by passive site maintenance and PWC administrative overhead costs, i.e., no current money could be spent on the Transition Workplan.
4. Release of Title X Funds - Jim explained that the Trust will need the April dispersement in order to pay for the dust suppression work and asked if we would have given DOE Headquarters the go-ahead by our Wednesday, April 25 conference call. I told Jim that I wasn't sure - that before DEQ wrote such a letter that we would have a discussion and reach an agreement on their future accountability on this project. I explained that DEQ would need to see some accounting of current expenses to date, and a PWC commitment to the future scope of work. Jim did not react to this statement. I explained that DEQ would put together an agenda for what we were looking for on Wednesday and get it to him in a few days.

During the conference call, PWC and DOE-GJPO explained that they are still working on transferring the title. Jim reported that PWC has an attorney working on removing all the liens recently found on the Atlas title. Joel Berwick reported that DOE needs 60 - 90 days to finish their paperwork, and predicted DOE could take over the property in September.

After the conference call, Jim called me back to explain a few things, including:

1. PWC Offered to Quit in February - Jim reported that PWC offered to quit as Trustee back in February when FWS withdrew the Biological Opinion. However, he reported, that NRC refused to accept their resignation because they didn't think they could get anyone else to replace PWC as Trustee. I told Jim that this was news to DEQ.
2. Jim's Billing Rate - Jim explained that PWC charges \$300 / hour for Jim's time. Consequently, as the Trust resources dwindle every hour Jim spends on the project eats up a proportionately larger share of the funds. Jim explained that this is the reason why he is reluctant to do a lot of leg work on the project at this point - and that the more that DEQ and DOE-GJPO can do, the farther the remaining Trust funds will stretch.
3. PWC Goals and Business Plan - Jim explained that initially PWC was very interested in the Atlas project because it was a multi-year undertaking with a promising economy of scale for the company. However, last October when President Clinton signed the bill and the property was soon to go to DOE, it was clear to PWC that project would not yield the same return. At this point, PWC wanted to jettison the project. Jim went on to explain how PWC had other prospective clients that were willing to pay \$500 /

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hour for Jim's time for Trust work. Consequently, PWC is missing out on substantial profits by continuing to service the Atlas project. Jim admitted that PWC is an expensive Trustee, and that this is also one of the reasons they offered to quit - that the project might be better served under the management of a less expensive company.

If you have questions about any of this, please call me.

Loren

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