

Economic Outlook and Revenue Assessment Committee

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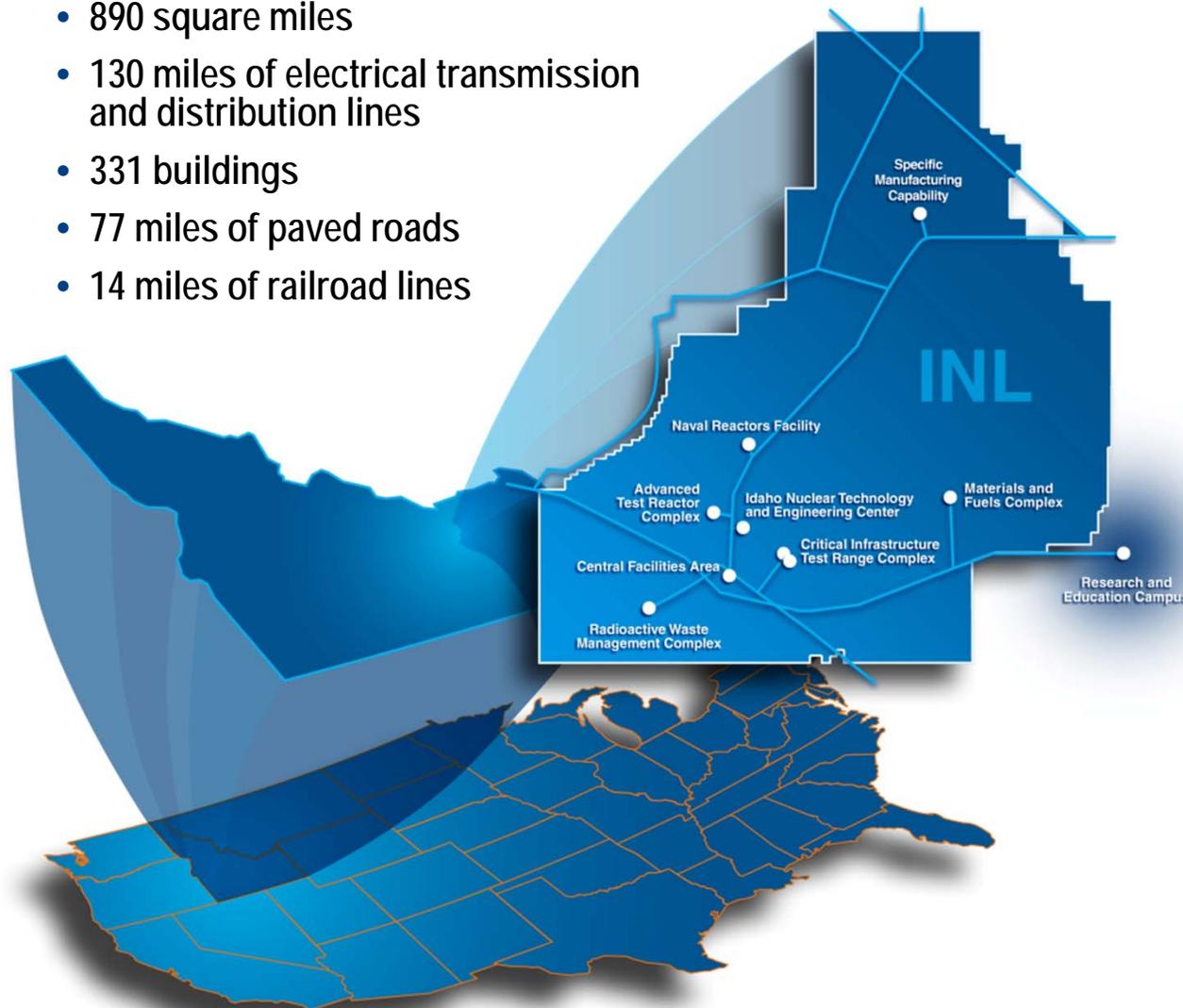
January 4, 2013

www.inl.gov



Idaho National Laboratory Site

- 890 square miles
- 130 miles of electrical transmission and distribution lines
- 331 buildings
- 77 miles of paved roads
- 14 miles of railroad lines



3,943 Employees

FY-2012 Business Volume
\$902M



Idaho Cleanup Project

1,046 Employees

FY-2012 Business Volume
\$255M



620 Employees

FY-2012 Business Volume
\$112M

Naval Reactors Facility

1400 Employees

FY-2012 Business Volume
\$230M

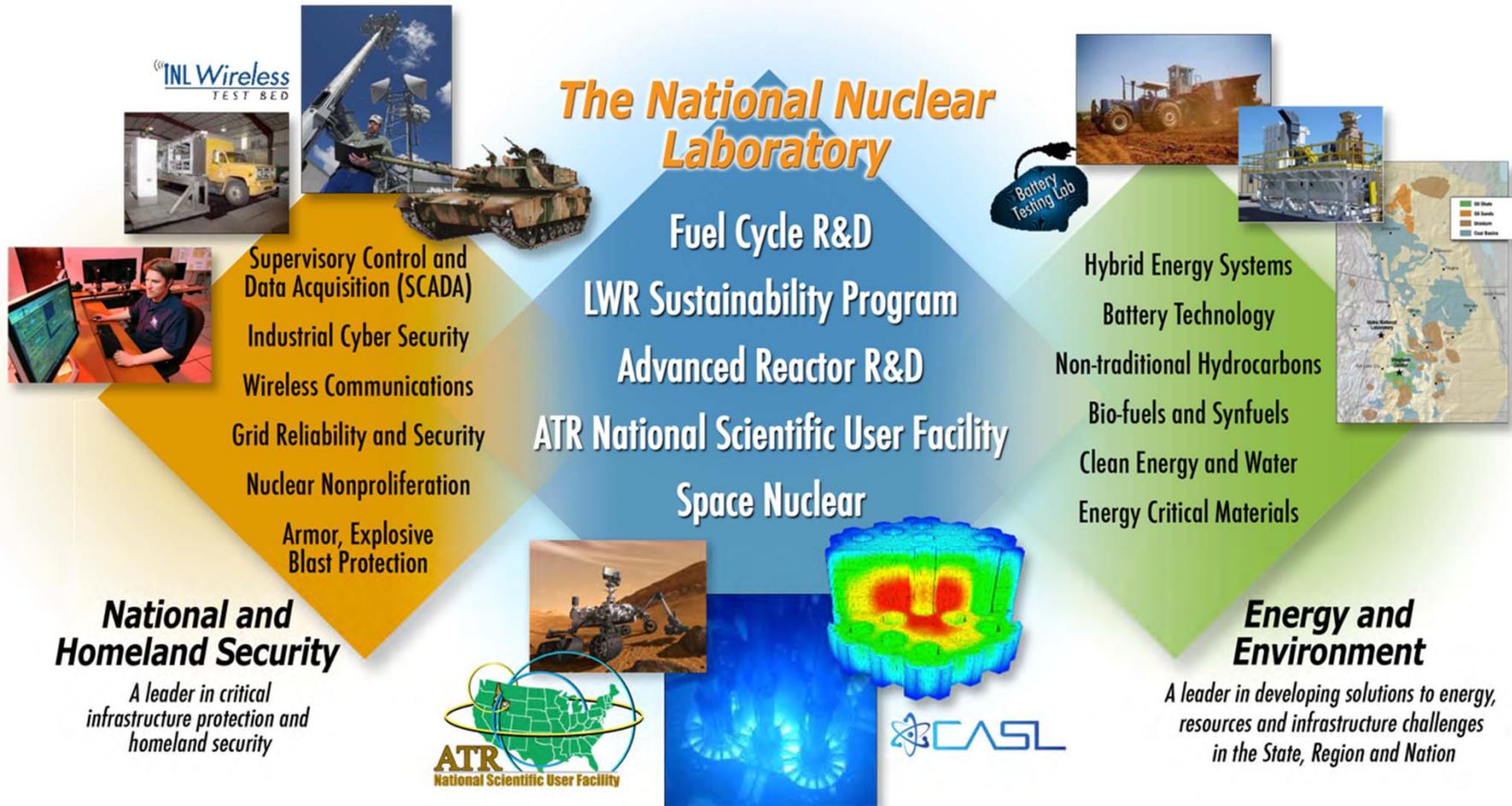
Idaho National Laboratory is a **Government-Owned, Contractor Operated (GOCO) Institution**



Nuclear University Consortia



Research Programs of National Importance



Technology Research Development, Demonstration and Deployment

INL's Position – Nationally

- One of 10 large DOE multi-program labs
- DOE's lead lab for nuclear energy

*National Labs are
"Capability Machines"*

*They do what
Universities and Industry
Can't, Won't
or Shouldn't do*



Competition between the Labs is part of our DOE National Laboratory System

INL Impacts on the State of Idaho

- **Economic**

- 2nd Largest Employer
- 24,000 jobs (8000 direct and 16,000 indirect)
- 3.5% of Idaho employment
- Adds \$2B to personal income

- **Fiscal**

- 6% of State tax revenues
- \$17M in employee property taxes
- \$135M in income, sales and other taxes

- **Social**

- High quality jobs and a stable, diverse, well-educated work force
- Significant contribution to Idaho primary and secondary education, technical colleges, colleges and universities
- Charitable contributions – over \$550,000 to the United Way in 2012
- 241,000 hours of Community Service



INL Financial Outlook

Unprecedented uncertainty with significant downside potential

- **Significant, sustained reductions in Federal spending**
- **Office of NE is 45% of INL funding, DOE is 70%**
- **National Nuclear Energy Strategy is unclear**
 - BRC Recommendations
 - Fukushima

Cost Increases

- **Pension, new buildings, utilities, fuel, investments for the future**

Potential Mitigators

- **Consolidation in Idaho**
- **LINE Commission**
- **Unsolicited proposal(s) from overseas**

INL Financial Outlook

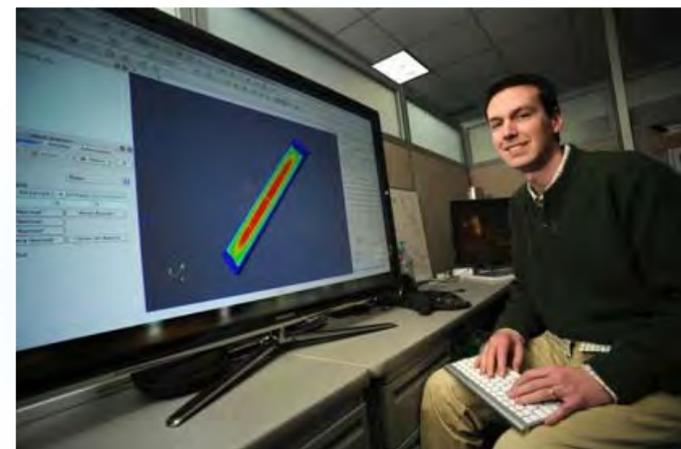
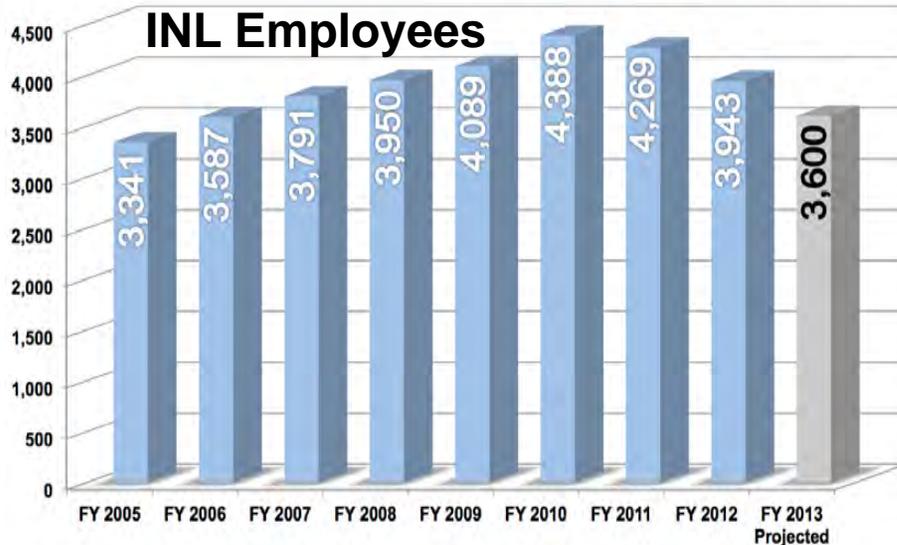
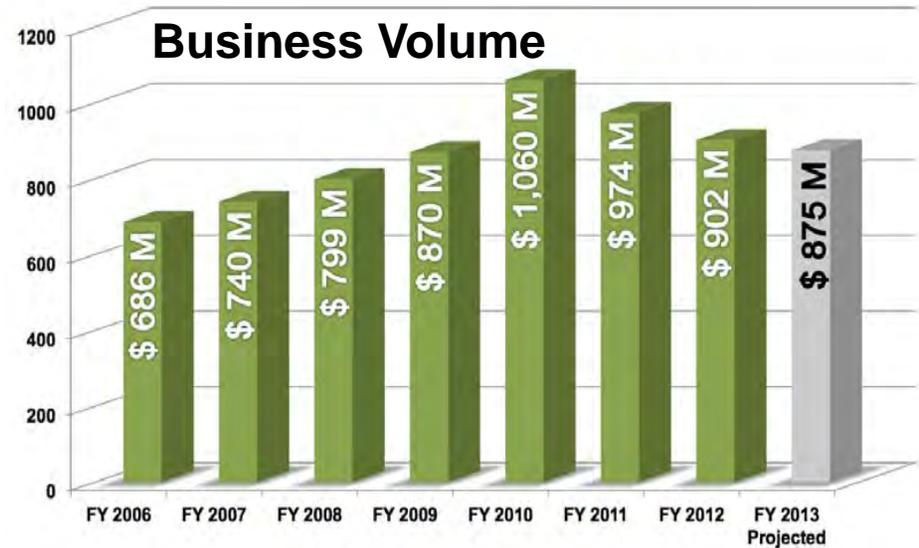
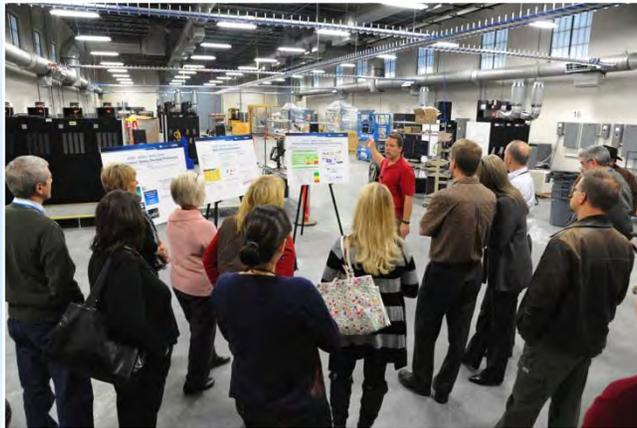
2013-2015 Planning

- **Take significant cost and “liability” reduction measures**
-

Our Approach

- **Significant but manageable workforce restructuring (WFR) in 2013 to reduce costs. This will have “tails” in 2014 and possibly 2015.**
- **Reduce cost by aligning benefits with the market**
- **Maximize use of managed services**

INL's Business Volume and Employees – History and Projection



INL Strategy – 2013 and Beyond

We have added and will continue to add new capabilities



We are in the Capability Business

INL Strategy – 2013 and Beyond

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We are in the Capability Business

Leadership in Nuclear Energy (LINE) Commission

- **Purpose**
 - Make recommendations to the Governor on policies and actions of the State of Idaho to support the long-term viability and Mission relevance of INL
- **Draft Report out December 3, for review and comment**
- **Final Report – January 31, 2013**



LINE Commission – My Perspective

Key Insights

- **INL represents an asset to the State. It is a federally owned industrial and research infrastructure in Idaho. It can be leveraged to benefit University research, higher education and to diversify Idaho's economy. It can also influence the energy future of the State and region.**
- **As the National Nuclear Laboratory, INL has an important national and international role to play. That role carries with it burdens and benefits. Other National Laboratories and their host states are willing and able to compete for that role. The State of Idaho has a choice to compete or not compete. Inaction or action both have consequences and risks.**

LINE Commission – My Perspective

Key Insights

- **1995 Settlement Agreement**

- Is a pragmatic and environmentally responsible approach to reducing risk to the aquifer while allowing essential DOE and Navy fuel shipments into Idaho to continue.
- Has been effective in ensuring that primary risks to the aquifer have been eliminated or substantially reduced. Injection wells, buried waste and reprocessing facility valves and pipes that leaked constitute these primary risks and they have been eliminated or substantially reduced.
- Used nuclear fuel and solidified radioactive waste stored at the INL Site present little to no risk to the aquifer. It may be in the best interest of the State to reconsider Settlement Agreement deadlines to remove these relatively low risk materials by 2035. It may also be in the State's best interest to revise the Settlement Agreement limits on bringing such materials to the INL given:
 - The establishment and growth of INL since 2005 – its national and international role
 - Cleanup progress at the INL site and the need to ensure the resources to complete it are available
 - The national decision on Yucca Mountain
 - The Blue Ribbon Commission recommendations
 - The impacts of the accident at Fukushima

My Request of the Idaho Legislature

Review

- The draft and final LINE Commission Reports carefully.

Evaluate

- The importance of the Lab to the State. The value of INL's role nationally and internationally. The burdens, benefits and opportunities INL brings to Idaho.

Look Forward and Lead

- Engage the Commission through presentations, discussions, testimony.
- Facilitate a full open and vigorous public discourse on the Commission's recommendations.
- Consider Legislative actions that can move LINE Commission's recommendations forward



Idaho National Laboratory

The National Nuclear Laboratory