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**Department of Energy**  
Washington, DC 20585

RECORD COPY

December 19, 2002

Mr. John Peter Suarez  
Assistant Administrator  
Office of Enforcement and Compliance Assurance  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue  
Washington, D.C. 20460

Dear Mr. Suarez:

Enclosed is the signed original agreement suspending the formal dispute regarding the Department of Energy's (DOE) Paducah Gaseous Diffusion Plant. I have signed the agreement without modification to allow this process to move forward. However, I must clarify that my signature reflects only my agreement to the conditions under which we will re-enter good faith negotiations on this particular matter. My signature does not constitute any acceptance by the Department of conditions to be applied to other discussions or disputes arising under the Paducah Federal Facility Agreement (FFA) or to discussions with the Administrator on this matter should our negotiations prove unsuccessful. In particular, while the Department is willing, for the purposes of these negotiations, to agree that the FFA will be deemed to require milestones to be identified as specific dates, the Department is not agreeing with a general proposition that the FFA "requires" milestones keyed to specific dates. Rather, the Department continues to believe that the FFA provides the flexibility to designate certain milestones through means other than specific dates. The Department specifically reserves its rights to raise this, and any other good faith issue, before the Administrator in this and all other future disputes that come before the Administrator for final determination.

I look forward to your continued support on this matter and will be contacting you shortly about the next steps. If you have any questions, please contact me at (202) 586-7709.

Sincerely,

Jessie Hill Roberson  
Assistant Secretary for  
Environmental Management

Enclosure

I-5102-248



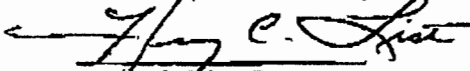
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**Suspension of Dispute Regarding Department of Energy  
Paducah Gaseous Diffusion Plant**

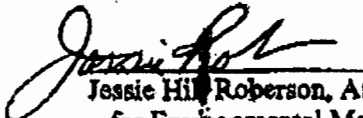
We, the undersigned parties to the pending dispute concerning the setting of milestones at the Department of Energy Paducah Gaseous Diffusion Plant, agree to a time-limited suspension of the dispute to provide for a renewed period of negotiation. We agree to re-enter negotiations in good faith based on the following principles:

1. The Paducah Gaseous Diffusion Plant poses health and environmental threats that can best be addressed by working effectively as a partnership.
2. The period of negotiations shall be limited to ninety days, beginning Wednesday, January 1, 2003.
3. The negotiations will take place under the framework of the existing Federal Facility Agreement (FFA), which requires enforceable milestones consisting of specific actions keyed to specific dates.
4. The negotiations will include consideration of both the existing Site Management Plan and the Department of Energy's (DOE) proposed revised Site Management Plan based upon the DOE Top to Bottom Review.
5. Headquarters staff from the U.S. Environmental Protection Agency (EPA) and DOE will participate in the negotiation process.
6. The parties will strive to determine a mutually agreed upon set of enforceable milestones for FY's 2003, 2004 and 2005 by the conclusion of the 90 days.
7. If, at the conclusion of the 90 day period, a mutually agreed upon set of milestones has not been established, the dispute will revert back to the Administrator for a written decision unless an extension of time is agreed to by all three parties. In the event that any party wants to terminate the negotiations, the dispute will revert back to the Administrator for a written decision. The Administrator shall have twenty-eight days from the date of reversion to review and resolve the dispute as provided in Section XXV.B.6 of the Paducah FFA.


- 8. No enforcement action for failure to meet previously established milestones will be commenced by EPA or the Commonwealth of Kentucky during the 90-day negotiation period, and such period will not be included in any such enforcement action that might arise in the future.

  
 Henry C. List, Secretary  
 Kentucky Natural Resources and  
 Environmental Protection Cabinet

12/18/02  
 Date

  
 Jessie Hill Roberson, Assistant Secretary  
 for Environmental Management  
 U.S. Department of Energy

12/19/02  
 Date

  
 J. J. Palmer, Jr., Regional Administrator  
 U.S. Environmental Protection Agency, Region IV

12/17/02  
 Date