



**Department of Energy**  
**Princeton Area Office**  
P.O. Box 102  
Princeton, New Jersey 08542-0102

April 22, 2003

Milton D. Johnson  
Office of Science  
Deputy Director for Operations  
SC-3, FORS, HQ

**SUBJECT: WHITE PAPER DISCUSSION OF AN ALTERNATE FINANCING  
APPROACH OF SITE IMPROVEMENTS AT THE PRINCETON  
PLASMA PHYSICS LABORATORY (PPPL)**

When Dr. Orbach visited our site last January, he met with the president of Princeton University to discuss the possibility of entering into a financial arrangement with the University to support site improvements at PPPL. In response, PPPL, on behalf of Princeton University, is proposing a collaborative project with the Department of Energy. A copy of Princeton University's draft proposal is attached to this memo.

The proposal is for a new building addition onto the west side of the Lyman Spitzer Building (LSB). The conceptual proposal is for a 3-story office building with an oversized basement to support a super-computing facility. The total value of the project is estimated at \$12.4M. The project would also include the removal of 3 existing obsolete PPPL structures. The project does not include the cost of procuring and installing a new super-computer.

Please note that Princeton University is offering a "collaborative" type agreement in lieu of an alternate financing arrangement in which Princeton University would bear all the upfront costs. That is, the University's proposal requires the Department to finance the construction costs of the above ground portion of the new building at \$6.8M, and the University would finance the basement portion at \$5.6M. The University may further seek to offset their portion of costs by entering into an additional agreement with the Department of Commerce, who has expressed interest in the super-computing facility which would be located in the basement.

Since the proposal provided herein would require upfront line-item funds to finance the Department's share of the construction costs, it is unclear if a "collaborative-type" finance arrangement meets the Office of Science's intent for alternate financing. The Princeton Area Office believes that the proposal has potential benefits to PPPL and the Office of Science, and also poses some

challenges. The greatest challenge is to obtain line-items funds for the DOE portion and to decide how the funds would be administered as a single collaborative project with the University.

The Princeton Area Office believes that the proposal may warrant further investigation to address issues concerning the administration of funds, technical construction issues and technical/financial operational issues. It should also be noted that PPPL has submitted a SLI line-item project proposal for FY07 funding at a cost of \$8.3M.

If you have any questions, please feel free to contact me at (609) 243-3706. I look forward to hearing your and Dr. Orbach's thoughts on this matter.



Jerry Wm. Faul, Manager  
Princeton Area Office

Enclosure:

Ltr, J.W. Anderson/J.W. Faul, dated 4/2/03

- cc: A. Joseph, SC-7, FORS, HQ w/encl.  
J. Yates, SC-82, GTN, HQ w/encl.  
N. A. Davies, SC-50, GTN, HQ w/encl.  
M. Gunn, OM, CH w/encl.  
J. Kennedy, OM, CH w/encl.  
M. Holland, BAO w/encl.  
L. Sadler, BAO w/encl.