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DOE

## **CLINTON ADMINISTRATION SELECTS TEAMS FOR FIRST PHASE OF HANFORD TANK WASTE CLEANUP**

***Potential Worth: More Than \$5 Billion Over Next Decade***

The Clinton Administration today announced the first phase of the nation's largest environmental remediation project with the award of two contracts for the treatment and stabilization of radioactive waste tanks at the Hanford Site in Washington State. Two "world class" teams, BNFL Inc., and Lockheed Martin Advanced Environmental Systems, were each awarded the contracts to solidify as much as 14 million gallons of radioactive and chemical wastes in the 177 tanks on the site.

This privatization initiative represents one of the most dramatic examples of DOE's new way of doing business. Contractors will finance and build the remediation facilities while the department will pay only for solidified waste. The contract also shifts many of the risks of doing business from the government and taxpayers to the contractors. As a result, DOE expects to treat tank waste faster and cheaper than under traditional cost-plus-fee contracting. Awarding the contract in multiple parts will keep the project both technologically and financially competitive.

"Across the country, our message is the same: As a responsible steward of taxpayer dollars, the department will pay only for results. The Northwest and the residents of the Tri-Cities helped the United States win the Cold War, through an aggressive cleanup plan we will help the region move successfully into the 21st century," said Secretary of Energy Hazel R. O'Leary.

"We have challenged industry to help us implement creative and cost-effective solutions to this complex clean-up problem," said John Wagoner, Hanford Site Manager, "and they have risen to that challenge. We believe that industry will bring innovative ideas, proven technologies and sound business solutions as we reinvent the way we do business at DOE. With this contracting approach, we anticipate treating approximately 4 million gallons of radioactive waste by the year 2006."

The tank waste privatization approach will result in more jobs and economic activity over the next five years than traditional contracting. Under the current plan, contractors will substantially accelerate the construction of waste treatment capacity. This increased treatment capacity also means a more aggressive approach to Hanford Site cleanup.

The entire project consists of two phases: Demonstration and full-scale production. These contracts will fulfill Parts A and B of Phase I. Part A is a 20-month period to establish the technical, operational, regulatory, business and financial elements required by privatized tank treatment facilities. Each team was awarded a \$27 million fixed-price contract for Part A. Part B of Phase I is a commercial demonstration phase designed to treat 6 to 13% of the tank wastes at Hanford on a fixed unit price basis. Based on Part A performance, DOE will decide whether to authorize one or both contractors to proceed to Part B work. Part B of the contracts is expected to take 10 to 14 years and has a potential value exceeding \$5 billion. Phase II will complete the cleanup.

The BNFL Inc. Team includes Bechtel National Inc., GTS Duratek, and SAIC. The Lockheed Martin Advanced Environmental Systems team is comprised of M4 Environmental L.P., Fluor Daniel Inc.,

Numatec, Duke Engineering and Services, Inc., Babcock and Wilcox, Nukem Nuclear Technologies Corp., Los Alamos Technical Associates, Inc., AEA Technology and OHM Remediation Services Corporation.

Additional background information on the winning teams and the contracts may be obtained by calling Jayne Brady/Keith Holloway, DOE Headquarters, (202) 586-5806; or Guy Schein, Richland Operations Office, (509) 376-0413.

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FACT SHEET

## Hanford Tank Waste Remediation System Contracts Awards

### Background

- Radioactive waste has been stored in large underground storage tanks at the Hanford Site since 1944.
- About 56 million gallons of waste containing approximately 240,000 metric tons of processed chemicals and 177 mega-curies of radionuclides are currently being stored in 177 tanks. These caustic wastes are in the form of liquids, slurries, saltcake and sludge.
- In 1991, the Tank Waste Remediation System (TWRS) Program was established to manage, retrieve, treat, immobilize, and dispose of these wastes in a safe, environmentally sound and cost-effective manner.
- The TWRS pathway for cleanup is formally documented in the Hanford Facility Agreement and Consent Order (Tri-Party Agreement). Under TPA, DOE, the U.S. Environmental Protection Agency (EPA), and the Washington State Department of Ecology have agreed to a timetable for cleanup at Hanford.

### Benefits

- A major step in environmental cleanup because Hanford tank wastes represent the largest and most complex environmental remediation problems in the DOE complex
- DOE is accelerating implementation of 1989 and 1994 commitments under the Tri- Party Agreement; low-activity waste treatment will start as much as three years earlier
- One of the most dramatic examples of DOE's new way of doing business since the establishment of the Department.
- The ultimate step in "pay for performance." If contractors do not provide treated waste or other deliverables meeting contract specification, they not only lose fee payments, they are not paid

### Phased Approach

Phase I Contracts awarded only cover Phase I: a proof-of-concept/commercial demonstration-scale effort.

Part A Part A is a 20-month development period to establish the technical, operational, regulatory, business and financial elements required by privatized facilities that will provide tank waste treatment services on a fixed-unit-price basis.

Part B Based on Part A performance, one or both contractors who are successful will be authorized to

perform waste treatment services for DOE in Part B. The waste treatment services will be paid for by DOE on a fixed-unit-price basis as specified in each of the contracts.

Part B is a demonstration to provide waste tank treatment services at fixed-unit prices and will last between 10 to 14 years. Wastes will be processed during a five- to nine-year period of Part B and will result in 6 to 13 percent of the total Hanford tank waste being treated. Part B will conclude with completion of deactivation (one year later).

Phase II Phase II activities are not part of these contracts, but the subject of a future competitive solicitation. Phase II would be the full-scale production phase, in which the facilities would be configured so all of the remaining waste can be processed on a schedule that will accommodate removing the waste from single-shelled tanks by the year 2018.

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