

Hanford Advisory Board Consensus Advice #24
ADVICE TO THE TRI-PARTIES ON TWRS PRIVATIZATION

The concept of privatization has appeal for demonstrating progress by incorporating the efficiencies and expertise of the private sector into the DOE system. However, privatization of tank waste treatment and disposal has met with some significant concerns from the Hanford Advisory Board. Stakeholders are dubious about the feasibility of DOE's current proposal.

Prior HAB advice (see Attachment B, HAB Advice #18, April 7, 1995) stated that, "...DOE has yet to make a sound, credible case for this privatization proposal...the Board is concerned about DOE's ability to privatize such a complex, expensive program (TWRS). For the same reason, the Board has doubts about DOE's ability to reduce costs via this privatization approach." Despite the continuing consultation process, these concerns still stand.

Following are three issues which the Board feels are critical:

- DOE must have the ability to enter into long term legal and financial commitments with private contractors that do not affect the budget until outlays occur. If this requires legislative changes, DOE must pursue those changes.
- DOE must clearly define and hold consistent contract specifications and regulatory requirements up front.
- A privatization plan must not result in health and safety or environmental impacts that are greater than those in the current Tri Party Agreement and must show a real cost savings advantage.

In no way should privatization circumvent DOE's responsibility to treat and dispose of Hanford tank wastes. Neither should privatization inappropriately displace workers, reduce regulatory oversight, circumvent TPA commitments, or reduce public involvement.

The HAB believes that DOE has not yet adequately analyzed the full breadth of promising privatization alternatives. Without a thorough analysis of privatization alternatives and adequate public involvement, DOE runs a high risk of a very visible failure with political repercussions.

Therefore, the HAB recommends that DOE proceed with privatization under these conditions:

- DOE expeditiously evaluate promising privatization alternatives.
- DOE create an open process which provides for early and frequent information sharing and public input opportunities. DOE must include broad discussion of issues such as waste acceptance criteria and other contract specifications, DOE's long term commitment to privatization, TPA impacts, and regulatory impacts in this public process.

Expeditious evaluation of alternatives will take resources. Taking resources from current baseline programs will likely impact TPA milestones. Flexibility in the TPA milestones is prudent if, and only if, DOE establishes a very open process for expeditious evaluation of those promising privatization alternatives.

Attachment A is a list of HAB values by which DOE should evaluate promising privatization proposals.

The Board looks forward to continued and substantive dialogue on this issue.

ATTACHMENT A

DOE should evaluate promising privatization concepts in the context of these values of the Hanford Advisory Board:

- Show near term progress.
- Promote economic diversification.
- Ensure labor force continuity.
- Ensure public involvement in studies on health and safety impacts likely to result from multiple contractors .
- Minimize the risk of failure.
- Ensure worker safety, regulatory oversight, environmental health and public involvement.
- Appropriately share risks between contractors and DOE.
- Maintain the integrity of the Tri Party Agreement.
- Employ incremental learning process for both vitrification as a technology and privatization as a contracting mechanism.

Increase feasibility of privatization by:

- Showing cost effectiveness.
- Reducing deleterious impacts to TWRS as a system.
- Not shifting an inordinate amount of the program cost into the future.
- Clearly defining and assuring consistent regulatory requirements and contract specifications.
- Using TWRS experience and available data in decisions.