



July 11, 1997

Lloyd Piper, Acting Manager
U.S. Department of Energy, Richland Operations
P.O. Box 550 (A7-50)
Richland, WA 99352

Subject: PHMC Management Plan Review Activity

Dear Mr. Piper:

Some months ago, the Hanford Advisory Board's Dollars and Sense Committee requested an opportunity to review and comment on a forthcoming draft of the PHMC Management and Integration Plan. We looked forward to this opportunity and expected that the Plan was the appropriate place to address a range of previously expressed Board concerns, including the following:

1. Identification of a viable cost savings performance plan within the PHMC contract, upon creation of an approved baseline,
2. The outsourcing approach/methodology, including the pathway from major subcontractors to the enterprise companies,
3. Minimal pyramiding of potentially "layered" overhead costs in the accounting accumulation process,
4. The specific approach underlying the PHMC Contractor's commitment to "help create" 3,000 new non-Hanford jobs in a five year performance period.

It was our understanding that DOE was amenable to the request and the draft would most likely be available to the Committee in late May.

However, we were only recently informed that the PHMC Management and Integration Plan would, in fact, be officially released without prior disclosure or review by our Committee. This is somewhat disappointing, as we relied on our understanding of the arrangement and now find that it will be some months before we have an opportunity to provide input on this significant part of the Hanford management baseline.

We are hopeful that the U.S. DOE will understand and appreciate our concern regarding this experience.

Very truly yours,

Merilyn B. Reeves, Chair
Hanford Advisory Board

cc: Chuck Clarke, Environmental Protection Agency
Tom Fitzsimmons, Washington Department of Ecology
Alice Murphy, Designated Federal Official Randy Smith, Environmental Protection Agency

Dan Silver, Washington Department of Ecology

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