

HAB Consensus Advice #18, PRIVATIZATION

This letter is to convey Hanford Advisory Board advice on the proposed privatization of Hanford's Tank Waste Remediation System. The HAB supports evaluation of privatization of selected Hanford activities, consistent with the following objectives:

- Increases operating efficiencies and reduces overall cost
- Meets performance and schedule requirements of the program
- Assists in stabilizing local employment
- Provides opportunities for economic diversification
- Protects worker safety, regulatory oversight and public involvement

The Board understand DOE's pressing timeline in making a decision on this issue.

However, the short sixty day "consultation" period is not adequate to consider this proposal. To consider such drastic changes to the largest program at Hanford, stakeholders (and indeed DOE) must have more time to consider this and other proposals. Therefore, the Board offers this input with the hopes of a continuing dialogue in a more lengthy consultation period.

Privatization appears to hold promise at Hanford. However, DOE has yet to make a sound, credible case for this privatization proposal. Too many questions remain unanswered. These questions pertain to liability, budget, regulatory, logistic, and technical issues (a list of HAB issues is attached).

DOE does not appear to have developed a "fall back" position in the event that privatization fails. This is particularly worrisome in that privatization will likely result in drastic reductions in Hanford site staffing and technical resources. A lack of continuity between a privatization failure and DOE attempts to recover (without adequate site resources) could significantly delay the program.

DOE has not considered alternatives to meeting Tri-Party Agreement milestones other than privatization. This oversight fails to use the technical strengths on site in trying to devise a creative solution to this very pressing and difficult problem. Other alternatives must be considered.

Given DOE's limited privatization history, the Board is concerned about DOE's ability to privatize such a complex, expensive program. For the same reason, the Board has doubts about DOE's ability to reduce costs via this privatization approach.

While the Board has not come to a determination on the viability of the TPA baseline under current funding scenarios, limited consideration of alternatives is warranted. DOE should therefore begin investigation into more efficient means to achieve the TWRS mission outlined in the TPA. Such investigations should include, but not be limited to, privatization.

In addition to limited alternative investigations (which should not dramatically defer monies from the baseline) DOE should continue with the Tri-Party Agreement baseline approach. The Board continues to view the TPA as a legally binding document protecting health and the environment in the region.

The Board looks forward to a productive and continuing dialogue on this issue.

**Privatization Issues and Concerns
Identified by the Hanford Advisory Board and the HAB
Health, Safety & Waste Management Subcommittee (March 3-4, 1995)**

How do you know that privatization will be more **cost effective** (cheaper and better) than the current program? What are the life cycle cost projections? How will DOE ensure a realistic, long term cost mechanism?

Will there really be **efficiency** improvements? What criteria will be used to assess whether efficiency will be improved? How will M&O contractors and "process" contractors relate?

What are the criteria to evaluate whether privatization is the correct course? If it is not, what is the **alternative path forward** for TWRS, i.e., Plan B?

What impacts will privatization have on the current program. Is privatization an **attempt to stop the TWRS program** (retrieve-treat-immobilize tank waste)?

Privatization is an attempt to abandon the baseline (TPA) and the strategy developed around stakeholder values. *DOE should develop a strategy which emphasizes efficiencies and maintains the integrity of the TPA.*

A sixty day **"consultation" period is too short**. A sixty day consultation period which began on February 10 is unacceptable. This issue will go before the Hanford Advisory Board on April 6, and DOE-RL would like to forward its recommendation to the Secretary in mid April.

There is **not agreement on problem definition**: " we need to consider privatizing TWRS, because there is not enough money to fund the current "baseline" program. The \$40B project costs for TWRS were not considered realistic.

What agency would have **regulatory oversight**? NRC? OSHA? How would oversight responsibilities be transitioned?

What regulations can be eliminated to maintain an industry commitment?

Is it **technically feasible**? How will DOE ensure a consistent, acceptable product?

Privatization will result in the **elimination of skilled workers** which is likely to result in greater risk to worker and public health and safety.

DOE does not have the authority to enter into a **"long term" contract**, i.e., at this time DOE has authority to engage in three year contracts.

DOE has a **poor privatization record** (e.g., privatizing the Hanford laundry resulted in greater costs and problems resulting from an unskilled workforce).

Is privatization a **deferral strategy**? Will the money be there when it is needed?
