



---

John D. Wagoner, Manager  
Department of Energy, Richland Operations  
P.O. Box 550  
Richland, WA 99352

October 5, 1995

Re: HAB Advice on TWRS Privatization

Dear Mr. Wagoner:

**Background:** The Hanford Advisory Board adopted its Consensus Advice #24 on June 2, 1995 and communicated it to the DOE and the regulators in a letter dated June 7, 1995. These recommendations were presented to Asst.. Secretary Tom Grumbly on June 21, 1995. The TWRS privatization initiative endorsed by the Secretary and Asst.. Secretary on September 22, 1995 was essentially the same project plan presented to the Board and the subject of the cited advice.

The HAB Consensus Advice #24 acknowledged the conceptual appeal of privatization of cleanup tasks at Hanford but expressed concerns that made Board members dubious about the viability of the then current proposal. The Board presented three critical issues and 14 values with which to evaluate promising privatization concepts. Most importantly, the Board recommended that DOE evaluate promising privatization alternatives and asked DOE to create an open process which provides early and frequent information sharing and public input opportunities.

The Board is aware of a risk analysis requested by the Asst.. Secretary subsequent to receiving Advice #24. The Board requested but has not yet received a copy of this report.

The Board continues to be skeptical concerning DOE's ability to successfully implement what is essentially the original proposal with minimal substantial changes. One of these changes is an option to fall back to a fixed price incentive based management and operations contractual arrangement if the privatization initiative fails. Issues of particular concern include:

- lack of substantial evaluation of promising privatization alternatives;
- continued focus on two pilot plants developed concurrently;
- continued planning for two large production plants;
- the fact that DOE at this point is reserving its right to unilaterally determine whether and/or when the privatization initiative has failed and it is time to fall back to a management and operations contractual arrangement to deal with the high level wastes in Hanford's tanks.

The reasons for concern include the high cost of delay, the high cost of failure and the complexity of the technical and financial problems being considered. Of equal concern is the lack of the board's access to critical information relevant to the decision-making process:

- Copies of the risk analysis report have been requested but are unavailable to board members;

- Access to the development of critical assumptions concerning (waste) product specifications for evaluation have been unavailable to board members; and
- Involvement in the development of the draft RFP and the source evaluation process by board members has been requested but denied.

As stated in our earliest advice on privatization to DOE and the regulators (delivered in HAB advice #18 which was adopted April 7, 1998) concerning the privatization of Hanford's high level tank wastes the Board reiterates that:

"... DOE has yet to make a sound, credible base 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."

Nothing in the interim has changed the board's assessment. Rather, it is, if anything, more dubious of DOE's ability to develop an effective approach to reach the financial and programmatic objectives of the privatization initiative, which are: the effective stabilization of the high and low activity fractions of high-level liquid wastes in Hanford's deteriorating storage tanks, while meeting the cleanup time line as defined in the Tri-Party Agreement. Consequently, the Board adopted the following additional advice at its October 6, 1995 meeting.

#### **BOARD ADVICE:**

- Due to the lack of DOE's responsiveness to engage in an ongoing public involvement process and to show how they have incorporated the advice previously developed by this board, the Hanford Advisory Board cannot support the currently outlined TWRS privatization plan.

As a means of providing the Board with a basis to knowledgeably evaluate progress in reducing the risks of this privatization plan:

- DOE and the regulators should add a milestone to the TPA that would require a thorough evaluation of privatization alternatives by DOE;
- DOE should provide the board with copies of the previously requested risk analysis report and a summary of critical assumptions concerning (waste) product specifications for evaluation by board members.
- Ecology must be an equal partner with DOE to determine what constitutes failure in the dual path approach.
- DOE needs to define, commit and actually undertake an open public involvement process, acceptable to stakeholders that includes but is not limited to the HAB.

The Board looks forward to your written response, as called for in our charter.

Very truly yours,

Merilyn B. Reeves, Chair  
Hanford Advisory Board

cc: Chuck Clarke, EPA  
Mary Riveland, Ecology  
Thomas Grumbly, Department of Energy

Cindy Kelly, Designated Federal Official  
Linda Lingle, Site Representative  
The Oregon and Washington Congressional Delegations

---

[Hanford Home Page](#) | [HAB](#) | [Advice Index](#)

*For questions or comments, please send [email](mailto:Hanford_Advisory_Board@rl.gov) to Hanford\_Advisory\_Board@rl.gov*

*HAB Consensus Advice #32*

*Subject: HAB Advice on TWRS Privatization (Health, Safety & Waste Management Committee)*

*Adopted: October 5-6, 1995*