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May 3, 1996

Dear Messrs. Clarke and Wagoner, and Ms. Riveland:

RE: Contract Incentives for TWRS Program Improvements (HAB Advice #47)

The Hanford Advisory Board has recently become aware of modifications in the current Management and Operations Contract at Hanford. We understand that the objective of these contract modifications is to improve contractor performance to achieve faster and cheaper site cleanup prior to the contractor change planned for later this year.

We have previously expressed our concerns to you regarding certain aspects of the management and performance of the Tank Waste Remediation System.

This program consumes a large portion of the Hanford budget and it is essential that dramatic improvements be made if we are to have any hope of sustaining funding and ultimately getting the liquid waste out of the tanks and safely stored.

In our view, there are four major areas in which an improvement in performance by the TWRS program is necessary. We believe that contractor award fees in the current contract and the new Hanford contract should include the following objectives;

- **Complete and issue safety basis for tank farm operations.**

The lack of a comprehensive Safety Analysis report for the Waste Tank Farms is a long standing issue. Proposals were made by Westinghouse Hanford in 1987 for the prompt development of a safety basis for the tank farm. Due to funding limitations and the identification of new unresolved safety issues, progress has been limited on this documentation. Currently, we understand that some progress is being made on this report with the resolution of several of the tank safety issues.

We urge that an intensive effort be made to achieve the prompt completion of this significant safety documentation. In view of the major safety issues associated with the tank farms and public safety concerns, this should be a major evaluation factor for the incumbent contractor.

- **Conduct independent cost review of Multi Year Program Plan.**

The Board has expressed its concern over the validity of TWRS budget estimates. The MYPP should be reviewed by a truly independent entity in order to validate TWRS budget projections. Such a review should be open to participation by the Board and regulators. The review should not be limited to a cost estimate for proposed tasks, but should examine whether the tasks are essential in a strategic path to waste stabilization.

- **Meaningful review of life-cycle cost of treatment and disposal program**

Many estimates as to the total cost of the disposal program have been developed. These estimates range from \$13 billion to \$40 billion. It is unclear as to what assumptions the program is currently proceeding with. WHC should clearly communicate current disposal program cost assumptions and provide for independent review of those costs.

- **Revise characterization strategy and have it peer reviewed.**

The lack of an efficient characterization program with a clear path forward is a concern to the Board. TWRS should develop a program that clearly delineates characterization needs and the means by which to fulfill those needs efficiently. This program should be validated by external peer review.

These critical issues must be addressed. For too long the Department of Energy has tolerated poor contractor performance in the TWRS program and this can not continue. It is time to raise the expectations and make award fee contingent upon demonstrable progress and results.

We would appreciate a review and discussion of these issues by your staff with the Board so that we may communicate with our constituencies regarding the resolution of these significant stakeholder concerns.

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: Thomas Grumbly
Alice Murphy
Cindy Kelly, Designated Federal Official
Linda Lingle, Site Representative
The Oregon and Washington Congressional Delegations

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