



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352

June 23, 2010

Certified Mail

Ms. Gayle Cooper
(home address has been deleted)

Dear Ms. Cooper:

FREEDOM OF INFORMATION ACT REQUEST (FOI 2010-01488)

You requested, pursuant to the Freedom of Information Act (FOIA), the following: "information pertaining to the Department of Energy's cost estimate for reinstating pension benefit service years to the Enterprise Company (ENCO) employees who are active plan participants in the Hanford Site Pension Plan. This cost estimate was an outcome of the DOE's Worker Town Hall Meetings held on September 17-18, 2009. Also, what was presented to the staff of Washington State Congressional Delegation and to the DOE Office of Environmental Management on this subject, and to whom it was presented and any responses."

We have conducted a through search and enclosed are the documents located regarding DOE's cost estimate for reinstating pension benefit service years to ENCO employees. Although some of the information in these documents could be withheld from disclosure under Exemption 5 of the FOIA, in the interests of full disclosure, however, we are making a discretionary release of the information. There were no presentations given to DOE's Office of Environmental Management or to the State Congressional Delegation, only verbal discussions, therefore, no documents were located.

The undersigned individual is responsible for this determination. You have the right to appeal to the Office of Hearings and Appeals, as provided in 10 CFR 1004.8, for the adequacy of our search. Any such appeal shall be made in writing to the following address: Director, Office of Hearings and Appeals (HG-1), U.S. Department of Energy, L'Enfant Plaza Building, 1000 Independence Avenue SW, Washington, D.C. 20585-1615, and shall be filed within 30 days after receipt of this letter. Should you choose to appeal, please provide this office with a copy of your letter.

For purposes of assessment of fees, you have been categorized under 10 CFR 004.9(b)(4), as an "other" requester. In this category, you are entitled to two free hours of search time and 100 pages of duplication at no cost. The search time for your request was two hours, therefore, this information is being provided to you at no cost.


Ms. Gayle Cooper

-2-

June 23, 2010

If you have any questions regarding your request, please contact me at our address above or on (509) 376-6288.

Sincerely,



Dorothy Riehle
Freedom of Information Act Officer
Office of Communications
and External Affairs

OCE:DCR

Enclosures

Riehle, Dorothy

From: Shoop, Doug S [Doug_S_Shoop@rl.gov]
Sent: Tuesday, January 19, 2010 11:52 AM
To: Turping, Peter F
Cc: Gilbert, Joyce N; Tripp, Larry J; Cone, Elaine M; Bongers, John E; Stevens, Glynn F; Isaacs, Phillip B (Brian); Brown, Greg S; Cartmell, R E (Dick); Brockman, David A; Jones, Gregory A (DOE); French, Colleen
Subject: RE: Pension Cost Concerns

Peter, I apologize for the delayed response; I have been out of the office for the last several days. As we have previously noted, there are many assumptions and variables that go into these calculations, and understand that you disagree with some of the assumptions/variables our estimators have used. But as we also communicated at our last meeting, developing an exact cost wasn't needed as a determining factor in DOE's decision that it could not support the proposed change. What we heard back very clearly is that we cannot reasonably hope to secure substantial additional funding above what's needed to meet our cleanup commitments, and that DOE is not in a position to increase its long-term financial liabilities.

We certainly understand your desire to work with the legislators and present your own calculation of what the cost would be. We would be happy to answer any questions the Congressional delegation may have resulting from your meetings and discussions.

Thank you
Doug

From: Turping, Peter F
Sent: Sunday, January 17, 2010 5:07 PM
To: Shoop, Doug S
Cc: Gilbert, Joyce N; Tripp, Larry J; Cone, Elaine M; Bongers, John E; Stevens, Glynn F; Isaacs, Phillip B (Brian); Brown, Greg S; Cartmell, R E (Dick); Brockman, David A; Jones, Gregory A (DOE)
Subject: RE: Pension Cost Concerns

Doug,

I was disappointed not to hear back from you on my request below. We will take our number to our legislators with back up on how we got to the number. We will also provide the number to DOE HQ as well as the only number they were given was the 200M – 300M. We are still open to meet with your folks and the Pension Board which we may do independently. Again, we just want to provide the most accurate number possible.

Our concern is the number you presented to the legislators and DOE HQ was substantially inflated and influenced how the issue was looked at and the consideration it was given.

We all realize a benefit inequity has been created and we are on a path to present accurate information to the appropriate individuals to rectify the situation.

Thank you,

Peter Turping

From: Turping, Peter F
Sent: Wednesday, January 06, 2010 2:31 PM
To: Shoop, Doug S
Cc: Gilbert, Joyce N; Tripp, Larry J; Cone, Elaine M; Bongers, John E; Stevens, Glynn F; Isaacs, Phillip B (Brian); Brown,

Greg S; Cartmell, R E (Dick)
Subject: Pension Cost Concerns

Doug,

We have been working with our legislators on our retirement benefit inequity issue. We have been requested to provide our own funding estimate and then explain the differences between our estimate and the 200M – 300M estimate the legislators received from your office.

We have continued to work the figures and study the Pension Protection Act of 2006 to arrive at the most realistic number. At this point, we simply cannot back into your 200M-300M estimate. I appreciated the time Joyce and Larry spent with me. That being said, they have not been able to provide a workup that gets within that range. The number provided below in Joyce's email is still far below the bottom of the 200M-300M provided to the legislators. Additionally, the estimate below contains some unlikely assumptions. We have been in contact with current and former members of the pension board and they are in agreement that these assumptions would skew the final number. For example, no attrition is figured into the equation; historically, the attrition rate is 11% per year for the group in question. Next, the pension benefit payments are estimated for 30 years after age 65. That puts the average age of death at 95. Mortality tables indicate a mortality age near 80. That assumption itself doubles the final number. Finally, the number of affected employees at the beginning of the MSA contract is 320, a 15% reduction from the 377 provided in the estimate below.

We want to be as accurate as possible. If you have two workups between 200M and 300M we would interested in evaluating these. We want to understand and provide accurate numbers for all to work with.

I am committed to provide a number to our legislators by 1/15/2010. We would like to meet with Joyce and Larry along with Elaine Cone, Pension Board Chair as soon as possible to get all information out on the table.

Thank you for your consideration.

Peter Turping CM
Lockheed Martin Accounting Mgr - Richland
(509) 376-6181 office
(509) 308-1547 cell
peter_f_turping@rl.gov

below is from a 12/14/09 e-mail from Joyce Gilbert to me.

Peter: As a follow up to our conversation on December 4th, I am providing you with additional information regarding what went into the rough calculation for additional pension cost for the ENCO employees. As we discussed on the phone, two people independently provided DOE with rough estimates, and they utilized different methods to calculate the approximate costs.

One of the methods used to create an estimate of additional pension cost for the 377 ENCO employees as of 10/1/08 till retirement was as follows:

- Used last salary on record (without factoring in salary increases) to find an additional benefit at age 65 based on the current age of the participant (providing them with salary comp until age 65).
- This amount was \$401,659.63 on a monthly basis.
- Multiplied that amount by 12 to get annual amount of \$4,819,915.56.
- Multiplied that number by 30 to provide for stream of payments for 30-years.

- The amount calculated was ~ \$144,597,466

As we discussed earlier, the funding for the additional benefits would need to be done quickly, as there is not a "normal" amount of time for asset growth prior to these funds being necessary to pay benefits.

Due to the funding requirements of the Pension Protection Act of 2006, plans need to be funded to specific levels to avoid benefit restrictions to the participants. If we were to add a new unfunded liability to the pension plan, it would drive down the overall funding level affecting not only the 377 ENCO participants, but the other 13,000 current participants.

Hope this is helpful.

Tripp, Larry J

From: Tripp, Larry J
Sent: Monday, December 14, 2009 3:09 PM
To: Gilbert, Joyce N
Subject: ENCO calculations

Joyce:

Here is the text.

Peter:

As a follow up to our conversation on December 3rd, I am providing you with additional information regarding what went into the rough calculation for additional pension cost for the ENCO employees. As we discussed on the phone, two people independently provided DOE with rough estimates, and they utilized different methods to calculate the approximate costs.

One of the methods used to create an estimate of additional pension cost for the 377 ENCO employees as of 10/1/08 till retirement was as follows:

- Used last salary on record (without factoring in salary increases) to find an additional benefit at age 65 based on the current age of the participant (providing them with salary comp until age 65).
- This amount was \$401,659.63 on a monthly basis.
- Multiplied that amount by 12 to get annual amount of \$4,819,915.56.
- Multiplied that number by 30 to provide for stream of payments for 30-years.
- The final amount calculated was ~ \$144,597,466

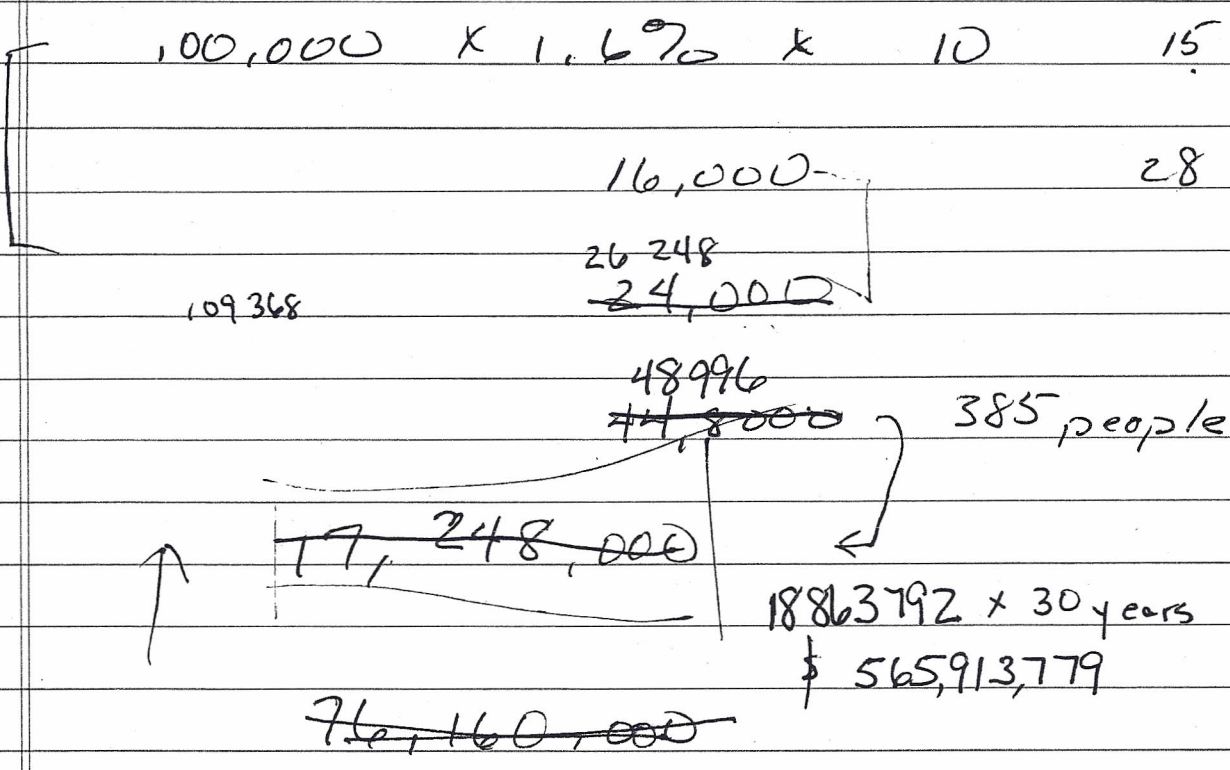
As we discussed earlier, the funding for the additional benefits would need to be done quickly, as there is not a, "normal," amount of time for asset growth prior to these funds being necessary to pay benefits.

Due to the funding requirements of the Pension Protection Act of 2006, plans need to be funded to specific levels to avoid benefit restrictions to the participants. If we were to add a new unfunded liability to the pension plan, it would drive down the overall funding level affecting not only the 377 ENCO participants, but the other 13,000 current participants.

Larry

Larry Tripp
Contractor Pension & Benefits Specialist
Department of Energy-RL
509-376-2727
[Larry J Tripp@RL.gov](mailto:Larry_J_Tripp@RL.gov)

Age 37 50 years \$85,000
 370 - to age 65



Today 12 years service \$100,000 high 5 1.6%
 benefit = 12 x \$100,000 x .016 = \$19,200/year

If count time 17 years of service \$109,368 high 5 1.6%
 After PRO benefit = 17 x \$109,368 x .016 = \$29,748/year

5 years of work
 70 increase in pay A 10,548

65 years of age
 30 25 years of payments — \$263,700 one participant

~~\$263,700~~ x 385 participants = ~~\$101,260,800~~
 316,440 } \$101,524,500
 385

\$121,829,400

Pension Costs

\$ 150 million in increased liability

Retiree Medical
Retiree Life

\$ 72 million for 30 years

\$ 3.4 million " " "

Retirees contribution cost share is 37%



Not new and improved reduced life

The 1996 life insurance benefits no longer exist
\$15K life insurance in 1996 benefit was
2x final salary

Tripp, Larry J

From: Gilbert, Joyce N
Sent: Monday, November 16, 2009 7:26 AM
To: Tripp, Larry J
Cc: Aoyama, Douglas T; Jones, Gregory A (DOE)
Subject: FW: Status on Pension Issues

Larry: Example #2 as to why this cost data information is so important (see email, below). I look forward to our 8:30 meeting this morning with Dave.

From: Turping, Peter F
Sent: Sunday, November 15, 2009 11:07 AM
To: Shoop, Doug S
Cc: Gilbert, Joyce N; French, Colleen C; Bongers, John E; Stevens, Glynn F; Cartmell, R E (Dick)
Subject: Status on Pension Issues

Doug,

I was with Glynn and John Bongers at our 9/24 meeting with you, Colleen and Joyce. Glynn passed on the October 16th communication from you that is below.

As a follow-up to our meeting on September 24, 2009 in my office I want to provide you a quick update on some actions that DOE-RL is taking:

- *Developing a cost estimate for the 3 items Glynn mentioned in his September 24, 2009 letter to me.*
- *Touching base with congressional staff to help them understand your concerns.*
- *Making contact with DOE-HQ (Headquarters) offices to determine if there is an interest in "readdressing" your concerns.*

I anticipate we will complete these actions in the next couple of weeks after which I will schedule a meeting with you to provide you an update.

I appreciate that you are working the situation but I'm concerned that we met over 7 weeks ago and the communication above was a month ago. I know our plan was to meet two weeks after our meeting. I believe what may be best if we can meet as a group every two weeks to status the situation. Glynn, John and I are asked on a regular basis what the current situation is and we need to be able to respond with the most current information and any progress that has been made.

I have a strong finance and accounting background and would be open to assist in cost analysis that needs to be done.

Thank you,

Peter Turping CM
Lockheed Martin Accounting Mgr - Richland
(509) 376-6181 office
(509) 308-1547 cell
[peter f turping@rl.gov](mailto:peter_f_turping@rl.gov)

Tripp, Larry J

From: Tripp, Larry J
Sent: Monday, December 14, 2009 9:48 AM
To: Deacy, Frederick F
Subject: RE: Calculation method for additional pension cost
Attachments: image001.png

Fred:

Thank you.

Larry Tripp
Contractor Pension & Benefits Specialist
Department of Energy-RL
509-376-2727
[Larry J Tripp@RL.gov](mailto:Larry_J_Tripp@RL.gov)

From: Deacy, Frederick F
Sent: Monday, December 14, 2009 7:34 AM
To: Tripp, Larry J
Cc: Cone, Elaine M; Martin, Scott D
Subject: FW: Calculation method for additional pension cost

Larry,
The method I used to create an estimate of additional cost for the 377 ENCO employees as of 10/1/08 till retirement was as follows:

Used last salary on record (without factoring in salary increases) to find an additional benefit at age 65 based on the current age of the participant (providing them with salary comp until age 65).

This amount was \$401,659.63 on a monthly basis.

I then multiplied that amount by 12 to get annual amount.

We then multiplied it by 30 to provide for stream of payments for 30-years.

The final amount calculated was ~ \$144,597,465

I hope this helps.

Thanks,

Fred

Frederick F. Deacy, SPHR
Team Lead, Benefits Accounting
Mission Support Alliance, LLC
P.O. Box 650, H3-08
Richland, WA 99352
Phone 509-376-1995
Fax 509-376-2097

