

Release date: April 25, 1996

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Hanford Reinvents Itself, Saves Jobs and Cuts Costs

"Efforts to become cost competitive with other public utilities have proven to be successful at Hanford," noted John Wagoner, as he announced that ICF Kaiser Hanford was successful in the competition to retain utilities work within its contract scope. The work consists of electrical, water, and sewer services to Hanford's 300 Area. Hanford expects to realize \$13-\$15 million (\$7-\$10 million in electric utility savings and \$5 million in water utility savings) in costs savings from the reduced water and electric rates over 5 years. Additionally, due to the success of this effort, DOE RL has decided not to continue soliciting proposals from others for electrical utilities for the remainder of the Site. This action insures that approximately 60 Hanford jobs associated with water and electric utilities will remain in the Hanford workforce.

"I am extremely pleased to see Hanford reinventing itself," Wagoner said. "The quality, dedication and cooperation of Hanford employees has reached a new level of excellence. Using reengineering principles and sound commercial practices Hanford employees successfully competed to retain this workscope. This is an example where Hanford can show that it is cost competitive with private industry," Wagoner continued. "The big winner here is the American taxpayers."

DOE's decisions were based on very cost effective submittals by Kaiser Utilities, and reviews by Site and DOE Headquarters personnel that verified the competency and quality of ICF Kaiser's workforce.

Utilities task teams comprised of bargaining unit, exempt, and management personnel were formed in late FY 1995. Two teams composed of Electrical Utilities and 300 Area Utilities personnel prepared successful cost estimates.

The teams have applied best commercial practice principles to identify performance improvement initiatives and ways to reduce costs for consumers. The teams worked closely with RL monitors to finalize these initiatives. "We have had an ongoing effort since May 1995 to implement commercial practices, and it's paid off" stated Herb Debban, Manager of ICF Kaiser's Utilities organization.

The task groups analyzed the functions performed by each individual and the requirements for those functions. Benchmarking trips to local providers in the surrounding community were made to compare functions and costs.

The process identified essential activities of the department and reduced organization barriers. This streamlining allows for required functions to be performed with less personnel, without compromising safety.

Throughout the process, each task team member, as well as other members of the organization, realized that some performance initiatives could directly impact his or her job. Functions were still evaluated objectively with the goal of simplifying the operation of the organization - which was the right thing to do.

Through the application of commercial practices and reduced requirements, the electrical rate is being reduced from 5.6 cents per kilowatt hour at the beginning of FY 1995 to 4.2 cents per kilowatt hour by the end of FY 1996. Hanford expects savings of \$2 million during FY 1996 -- a total of \$7-\$10 million over the next five years. These savings will be passed to site consumers of electrical energy, thus saving money that can then be used for other clean up activities.

In addition, similar cost savings have been proposed by a team working on the supply and distribution of water in the 300 Area. Those efforts have also resulted in a reduction from \$5.12 to \$1.87 per hundred cubic feet of potable water. Savings from water utilities is expected to be \$1 million annually over the next 5 years.

"These successes really demonstrate teamwork between the RL program and oversight organizations, our Westinghouse partners, the unions, and the employees in coming up with cost-effective solutions that enhance safety, improve conduct of operations, and maintain an excellent reliability," Debban said. "It's a winning solution for everybody."

"I couldn't be more pleased about the cooperative efforts that achieved these successes," stated Bob Tiller, ICF Kaiser General Manager. "It's a win-win for everyone, including the taxpayer."

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RL 96-041