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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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June 29, 2017

The Honorable Rick Perry
Secretary
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Mr. Secretary:

I am writing in regards to a report that Bechtel National, Inc. (BNI) and AECOM have formed a subsidiary to complete construction, and lead the startup and commissioning of facilities to treat low-activity nuclear waste at the Waste Treatment and Immobilization Plant (WTP) at the Hanford Site.¹ BNI currently holds a prime contract to design, construct, and commission the WTP.²

Over the last several years I have raised concerns about how the Department of Energy (DOE) is managing its contracts at various cleanup sites across the country, particularly at Hanford.³ The design-build approach employed by DOE at Hanford has resulted in numerous delays and cost overruns. In 2000, the project was expected to cost \$4.3 billion and to be completed in 2011. In 2006, DOE increased the project baseline to \$12.3 billion and extended

¹ Bechtel National, Inc.: *New Entity Will Enhance Safety and Efficiency at Hanford Site Construction Project* (Jan. 12, 2017) (www.bechtel.com/newsroom/releases/2017/01/bechtel-aecom-waste-treatment-completion-company/).

² U.S. Department of Energy, Office of River Protection, *DOE-ORP Prime Contracts* (www.hanford.gov/index.cfm?page=713) (accessed June 20, 2017).

³ Letter from Ranking Member Claire McCaskill, Senate Homeland Security and Governmental Affairs Committee to Secretary Rick Perry, Department of Energy (May 1, 2017); Senate Subcommittee on Financial and Contracting Oversight, *Hearing on Senate Subcommittee on Financial and Contracting Oversight, Hearing on Whistleblower Retaliation at the Hanford Nuclear Site*, 113th Cong. (Mar. 11, 2014) (S. Hrg. 113-370); Senate Subcommittee on Financial and Contracting Oversight, *Hearing on Contract Management by the Department of Energy* (June 27, 2013) (S. Hrg. 113-294).

completion to 2019.⁴ In 2016, DOE announced that it was increasing the baseline to \$16.8 billion.⁵

The formation of the Waste Treatment Completion Company LLC (WTCC) by BNI and AECOM raises questions about DOE's ability to conduct oversight of Bechtel's work as a subcontractor to itself, including transparency and accountability issues that could arise. This arrangement is also concerning given the fact that BNI and AECOM recently settled a False Claims Act case for \$125 million that included allegations that BNI used federal funds for lobbying purposes and that BNI and URS (now AECOM) billed the government for services, materials, and testing that did not meet nuclear quality standards.⁶

I am concerned about the nature of the relationship between BNI, AECOM, and WTCC and the appropriateness of BNI and AECOM forming a subsidiary to finish work they have contracted with DOE to perform. I also have questions about the impact of this subcontract on performance and costs, including any fee arrangement between BNI and WTCC. In order to better understand the nature of DOE's approval and oversight of the contractual arrangement between BNI, AECOM, and WTCC I request that DOE provide a briefing to my Committee staff on or before **July 21, 2017**.

Thank you for your assistance with this matter. If you have any questions please contact Sarah Garcia with my staff at (202) 224-1448 or Sarah_Garcia@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Ranking Member

⁴ Government Accountability Office, *Hanford Waste Treatment: DOE Needs to Evaluate Alternatives to Recently Proposed Projects and Address Technical and Management Challenges* (GAO 15-354) (May 7, 2015).

⁵ U.S. Department of Energy, Office of Environmental Management, *DOE Approves Modified Contract and Baseline for Hanford Waste Treatment Plant* (Dec. 16, 2016) (energy.gov/em/articles/doe-approves-modified-contract-and-baseline-hanford-waste-treatment-plant).

⁶ U.S. Department of Justice, *United States Settles Lawsuit Against Energy Department Contractors for Knowingly Mischarging Costs on Contract at Nuclear Waste Treatment Plant* (Nov. 23, 2016) (www.justice.gov/opa/pr/united-states-settles-lawsuit-against-energy-department-contractors-knowingly-mischarging).

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cc: Ron Johnson
Chairman

April Stephenson
Acting Inspector General
Office of Inspector General
U.S. Department of Energy

Glenn Podonsky
Director
Office of Enterprise Assessments
U.S. Department of Energy