

The Secretary of Energy
Washington, D.C. 20585

June 19, 2006

The Honorable Jeff Bingaman
Ranking Minority Member
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Senator Bingaman:

I am writing to inform you that I have directed the Department of Energy's Office of Management to suspend the recently announced Notice 351.1, *Contractor Pension and Medical Benefits Policy*, for one year effective immediately. I have directed Department personnel to continue to consult with stakeholders, including Congress, over the next year to seek their input. Attached for your information is the memorandum I sent to the Office of Management.

As I have discussed with many Members of Congress, DOE has seen escalating and volatile growth in costs for reimbursement of contractor employees' defined benefit pension and other post-retirement benefits. It is estimated that in FY 2006 these costs will be \$784 million, an increase of nearly 200% since FY 2000. The Department's accrued unfunded liability as reported in the Department's financial statements in FY 2005 was \$11.6 billion, an increase of 63% since 2000. I am concerned that this spiraling cost growth will result in fewer dollars available to DOE for meeting our critical scientific, environmental cleanup and national security missions.

I appreciate the input from Congress on this matter. I look forward to continuing to work with you and other stakeholders on this matter in the months ahead.

Sincerely,

A handwritten signature in black ink that reads "Samuel W. Bodman".

Samuel W. Bodman

Enclosure






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Washington, D.C. 20585

June 19, 2006

MEMORANDUM FOR INGRID KOLB
DIRECTOR, OFFICE OF MANAGEMENT

FROM: SAMUEL W. BODMAN 
SUBJECT: Suspension of Department of Energy Notice 351.1

I am directing you to immediately suspend Department of Energy (DOE) Notice 351.1, *Contractor Employee Pension and Medical Benefits Policy*, for one year from the date of this memorandum. During this period, DOE Order 350.1, *Contractor Human Resources Management Programs*, which was issued in September 1996 and amended in May 1998, will continue to be in effect in accordance with applicable contract terms and conditions.

During this time period, I am also directing you to consult with stakeholders, including Congress, and continue to solicit their views on this issue.

